



PART 4: FUND YOUR DREAMS



Welcome to part 4 of Finance Your Detour. This is the final section of the program called Fund Your Dreams. In this section, we will add on to the budgeting tool by introducing a process that goes with it. This is called a budget meeting and we will share the best practices for conducting them successfully. We will also address how to check in mid-month to ensure you are on track to meet your spending goals each month. Lastly, we will wrap up the program with frequently asked questions and a little encouragement to get you going.

Now that we've equipped you with the budgeting tool and instructions on how to use it, we want to spend some time talking a little about budgeting as a process.

First of all, the terms “budget” and “budgeting” kind of get a bad rap. If those terms make you cringe, change the name! We like to call our process of budgeting “dream funding” because that’s exactly what it is for us. It’s not all about putting limits on ourselves, it’s about living within our means and putting our money towards our dreams instead of things that typically don’t bring us happiness. We will forever choose to accumulate experiences over junk, and our “dream funding” process is helping us ensure we reach our goals.

Once you get into the process of budgeting, you will realize that it’s not really restrictive at all. It’s absolutely freeing. That may seem crazy but when you plan ahead for your purchases each month, which we will show you in this video lesson, you can anticipate your spending and take the worry out. You’ll no longer be saying “can we afford this?”. You’ll be in full control and have a very clear visual of what you can and cannot spend or do each month. In addition, you’ll no longer feel guilty about purchases because as long as you’ve planned for it, and you’re meeting your savings and debt payoff goals, then you can really spend your money on whatever you want.

This is ideal for couples to avoid money arguments because once you'd agreed on expenses for the month...each of you are free to make those planned purchases without checking with, hiding, or feeling guilty.

It can be really easy to lose track of your spending, but budgeting helps you avoid that. You need to know where every single dollar that you earn goes. Better yet, you need to control exactly where it goes. There will be sacrifices at times but there is also some flexibility built into our budgeting process. And once you start reaping the benefits, you'll realize that the sacrifices are really hardly that because the rewards are so much greater than you can imagine .

It's important to understand that there are two parts to budgeting. The first is your actual budget, which is your financial plan. The budgeting tool helps you create this plan and then track your progress during the month. And then there is budgeting, or the process of creating and keeping a budget. If there is anything that you take away from this program, know this... the power of a budget lies in the process of budgeting. In some ways, a budget is just a piece of paper. The process of budgeting, however, will help you build good financial habits over time. It's about building consistency. From there, your good habits will help you achieve your goals and fund your dreams. It is not enough to simply want a better financial situation, you have to take actions to change your financial situation and following a good budgeting process can help you do that.

Let's take a look at this a little more. There are multiple pieces to the puzzle of financial freedom. First, you have to really desire it, you have to want it as bad as anything else in your life so that you can manifest it into reality. In Part 1, we talked about why money matters and why you should really want to take control of your financial life. But, simply wanting it isn't enough, you need to have a plan for how you are going to make what you want a reality.

In part two, we provided you with the roadmap. The roadmap gives you the exact steps that you should take. Once you have a plan, you need a tool or vehicle that will help you get where you want to go. In Part 3, we introduced the Budgeting Tool. The budgeting tool will help you stay organized and make it easy to track your progress towards your goals. Lastly though, you need to have a process in place that allows you to be consistent and build towards your goals over time.

This entire lesson is dedicated to the process of budgeting. The process is a repeat cycle, and once you have it down, you will gradually work towards accomplishing what you set out to do!

Think of someone that wants to lose weight and get in better shape.... For them to have any success, they must first decide that they want it, then they need to come up with a plan i.e. which gym and what time they will go. Then, they may look for a tool to help them - a workout plan, a diet plan, an app on their phone. And then lastly, they need to actually go workout. Without the working out part, they are not going to lose very much weight. The budgeting process is like the working out part... without the budgeting process, you're not likely to achieve your financial goals either.

To do the budgeting process, we have budget meetings. Budget meetings tie the entire program together because they are where budgeting happens and where you apply the strategies that we have covered in this program. Ok then, what exactly is a budget meeting? Well, a budget meeting is simply a specific time set aside to discuss your finances, create a plan and review how you are doing. And of course, you should use the Budgeting Tool while doing your budget meeting!

There are a lot of benefits to conducting budget meetings. Budget Meetings are a deliberate time that you set aside to talk about your finances with no distractions. Life is so busy that many of us, especially those of us in relationships don't take time to talk about money and our financial situations. This normally leads to one person being responsible for everything or a lot of "hoping" that everything is ok.

Taking time to have a budget meeting allows you to be proactive and plan for upcoming expenses so you won't be caught by surprise. Having consistent budget meetings also reinforces budgeting as a habit. This is great because the process of budgeting is the best way to control your money and work towards your financial goals.

Let's talk in more detail about budget meetings. Budget meetings are great, but they are only effective if done consistently and correctly. There are several rules that should be followed for the budget meeting. First, you should create a consistent schedule, time, place and frequency. This is really important for people with busy lives and families.

We try to do ours on the 1st, at night and at a table or desk. You need to find what works best for you but you should do it in a place that requires you to focus... so turn off the TV and get off the couch. Also, schedule it during a time where everyone can attend, without interruption... so waiting until the kids go to sleep is a good idea. It's critical that each person attends and participates in the budget meeting.

I want to share some tips and recommendations that we have learned over the past three years of budgeting. The first thing we recommend is to treat the budget meeting like a business meeting or a meeting that you would have for work. Come prepared and focused and treat the meeting with respect.

Second, when you are allocating your money into budget categories, it's a good idea to allocate an allowance for each person. Even when you are focusing on your emergency fund or paying off debt as quickly as you can, it is important to have a little "me money" that you can spend on anything that you wish. The amount that you decide for your allowance is up to you. It's helps eliminate arguments over spending differences and will help you stick with budgeting because you won't feel so restricted.

If you are single, we recommend that you run your budget by an accountability partner. A friend, co worker, parent, or anyone you know that's a good money manager. Ask them to review your budget and check it at the end of the month. Ask them if they'll give you their thoughts when you are about to make a big purchase... their opinion could stop your from making a bad decision and breaking your budget. Lastly, try to have fun with your budget meetings. When we first started having our budget meeting, we would say silly stuff like, Mrs. McKenzie, welcome to the meeting - I think you'll be pleased with this quarter's earnings... just anything to make it less stuffy and more fun.

We have put together a budget meeting outline that you can use as a template if you have never done a budget meeting before. The meeting should go like this:

First, review last month's budget to see how you did. We always look at the previous month when we begin planning for the next or current month. Clearly, you can't do this if it's your first meeting...

Next, Discuss (and enter) your monthly income - did anything change from last month? Are you expecting a commission or bonus this month? Figure out your best estimate.

After than, Discuss (and enter) your fixed expenses - much like income, has anything changed from the previous month? Did you pay off a credit card and now that is no longer a fixed expense? Make sure that all of your fixed expenses are entered.

Then, Discuss and enter how much extra you'd like to save or apply towards your debt payoff plan. This number can be tricky for people. Some say 10% should be for savings, others say something different. Our thought is this number should be the most money possible that you can put towards your emergency fund or your debt payoff plan, depending on where you are at on the roadmap.

Then, Assign your disposable income to different budget categories until every dollar is gone. We like to use our previous budgets to get a good idea of how much to allocate for our repeat expenses. If it's your first couple of times, do the best that you can.

Finally, High five (someone, something) because you have a plan that is helping you achieve your goals and that is awesome.

When budgeting, it's important to check in with your budget to see how you're doing, and make adjustments as necessary. Budgets are not set it and forget it. Creating a budget at the beginning of the month, and then not checking on it again is a wonderful way to break your budget. Your budget and budget plan will continually evolve as the month goes along. How often you choose to do your budget check ins is up to you, but you need to have at least 1 check in per month. We always try to do our check ins around the 15th of the month as well as anytime an unexpected expense occurs. It's a good habit to do a check in anytime you have unexpected expenses or your income changes from what you had planned. We cover how to update the budgeting tool for changes in the Adding Categories video tutorial as well as in the FAQs. For this lesson, just know what an important part of the process mid month check ins are. You will have the opportunity to determine a schedule that works for your when completing the Budget Meeting Planning Worksheet that is located in the Resources / Downloads section.

Here's a couple final thoughts before we close out the video lesson. Budgeting is personal, it's all about your money, your goals and your dreams. So you need to find your own individual style - learn what works for you, what doesn't, how you want to track things etc. Don't be afraid to put your own twist on anything that we've provided in the program.

As you begin down this process, don't get discouraged if the month doesn't go as planned. It takes several months to start getting a good sense of your spending habits. Your budget probably will never be perfect, even when you get really good at it - so just stay positive and stick with it. Budgeting is a mindset - You will do great and you will start to experience the benefits that we've talked about - You can do it!

To close out and review, you should now understand how important the process of budgeting is and why it's the most important aspect of the entire program. You should also understand how to conduct budget meetings and check ins.

Congratulations - you have made it to the end of the final video lesson and the Finance Your Detour program. We would love to hear your feedback on the program, things you liked or things we could improve on. We also really want to hear about your success stories! Your feedback is extremely valuable because we want to make this program the best that it can be.



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Should you have any questions about anything that we covered in the program, make sure to check the FAQs. You can find a link in the resources / downloads section. If you still have questions or would like to provide feedback, please email us at contact@followyourdetour.com and we will get back to you as quickly as we can. We can't wait to hear from you and look forward to reading your success stories.