

Basic Budget Goals Breakdown for Graduates

Income/Money In:

- Salary (gross & net)
- Personal Cash/Savings/Investments
- All Other Sources

Expenses/Money Out:

Must Have Committed Expenses:

40% - 60% of Net Monthly Income

- Rent/Mortgage
- Insurance premiums (health, auto, life, disability)
- Car payments & related expenses*
- Utilities
- Basic food needs (groceries/dine in)
- Taxes (property & other)
- Student loan payments that are not deferred/postponed
- Child care
- Child-support or alimony payments
- Ongoing contractual obligations (i.e. credit cards, medical bills)
- Charitable giving
- Other

Selected Wants:

10% - 30% of Net Monthly Income

- Cable/Satellite/Internet
- Car payments & related expenses*
- Nonessential food purchases
- Dine out
- Childcare
- Personal
- Entertainment & Recreation
- Gifts
- Vacation/Travel
- Subscriptions
- Other

*Car payments and related expenses is a "Must Have" expense only if public/alternative transportation is not a viable, lower cost, reasonable, safe option. Otherwise, it is a "Selected Want." Automobile ownership for the purpose of status, convenience or perceived freedom is not considered a "Must Have Committed Expense" for students.

For Savings/Investment Goals:

10% - 20% of Net Monthly Income

- Emergency fund savings in federally insured money-market account representing 3 - 6 month's of expenses
- Retirement contributions (IRAs, 401 (k), 403 (b), etc.)
- College savings accounts

- Money Market & Mutual Funds
- Other investments
- Payments in excess of monthly minimums to lower and eliminate high interest debt
- Irregular expenses (auto, medical, home repair/maintenance)
- Spare of the moment/just because
- Taxes for loan forgiveness
- Ultimate goal to invest 15% - 20% of household income in equity investments

Each individual can and should decide how they wish to divide up their Monthly Committed Expenses and Monthly Selected Wants. Each graduate must decide how to allocate their income by percentages and then work out the details. The key to financial success, economic security and goal achievement is the long term consistent commitment to saving/investing 15% - 20% of household income. The remaining 80% can be used as you see fit as long as it does not involve deficit spending, the accumulation of high interest, Unmanageable and/or overleveraged "bad" debt for depreciating or over-prices goods, services or products.

As with any financial, legal or tax program consult with your appropriate professional advisors. Managing debt may mean renegotiation of terms and rates with the lender of your private student loans and if absolutely necessary private student loan consolidation with the original or new lender. Managing debt may also entail federal student loan consolidation, extended repayments, income based repayment, federal/state loan service and forgiveness programs, military service, negotiations with employers and home refinancing or equity loans/lines of credit.

For more information, resources, a list of Free Budgeting Tools or to order a personalized MEdebt Solutions Debt Evaluation and Budget Affordability Assessment Planner (DEBAAP) email your request to info@MEdebtSolutions.com or call us at 1-727-785-8886.

The (DEBAAP) is a fee based, personalized appraisal, of your entire financial portfolio. It clearly organizes your student loans and provide you with personalized estimates of practical loan management and repayment scenarios. DEBAAP information is used to develop a baseline for a personalized affordable budget and financial plan with options that will allow you to be able to make informed optimized choices regarding your current and future borrowing, repayment, spending, saving and investments that reflects your personal and professional goals.

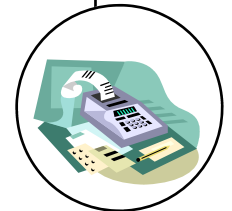
EAS Group, LLC/MEdebt Solutions is an A+ accredited business in good standing with the Better Business Bureau (BBB).

APTA

Member Benefit – Education Finance Program



Budgeting Essentials for PTA's, PT's & DPT's Graduates



October 2009

Copyright EAS Group, LLC/MEdebt Solutions.

APTA - Member Benefit Education Finance Program - Budgeting Essentials for PTA's, PT's & DPT's Graduates

Budgeting as an early career PTA, PT or DPT has similarities but is very different than budgeting as a student. The first step of articulating your goals and the timeline in which you want to achieve them remains the same. As an early career professional you will be crossing the threshold from borrowing money and obligating future income to earning money and managing repayment. Hopefully, you will have minimized your education borrowing and all other debt. However, as a physical therapy graduate you most likely will be over-leveraged with debt payments greater than the availability of your take home pay to make required payments – at this time. You will need to be committed to basic minimum living expenses that are more “student-like” than “physical therapist like” so that you can begin to bring your debt obligations into a manageable balance with your income and create positive net worth where your assets are greater than your liabilities. Based upon American spending statistics, housing and transportation expenditures provide the most margin for and opportunity to reduce expenses – in essence roommates/living at home and no new car.

In order for highly indebted physical therapy graduates to begin creating positive net worth it is critical to formulate a budget (money in/money out plan) where personal and professional goals, your financial literacy quotient and debt comfort levels are priorities. The initial draft of your first post-graduation year budget should be developed before graduation so that it can serve as an “affordability” guide when relocating and making spending decisions for the newly acquired regular pay-check.

For most physical therapy graduates, student loans will represent their largest debt obligation. From your own research (National Student Loan Data System - www.nsls.ed.gov provides data on your federal student loans) and monthly payment calculations (loan repayment calculators can be found on the www.bankrates.com site), financial aid exist interview documentation and consultations with your financial aid

office and with trusted and knowledgeable education loan advisor you should have and understand your repayment options and payment amounts.

With income and student loan repayment, other debt, relocation and cost of living expense information in hand you should be able to create a “good and certainly not extravagant” first year post-graduate budget and enjoyable life for yourself. Be prepared to do several revisions as you sort through student loan, other debt repayment and living expense scenarios in relationship to your income. Do remember that when budgeting, your salary will be subject to deductions, such as taxes, social security, Medicare, etc. Therefore only budget based upon your net income (take home pay), which is the amount available to you for loan repayment and all other expenses.

Also note and understand that contributions to certain retirement plans such as 401 (k) plans are made from pretaxed dollars so the affect on take home pay is less than the actual dollar contributed to the retirement account. Graduates are strongly encouraged to take full advantage of such plans up to the maximum of the employer match which may be as much as a dollar-for-dollar or more. A \$.25 employer match per dollar represents an immediate 25% return on your contribution.

On a regular basis, at least twice a year, preferably and even better monthly, you should review your budget. Compare your actual income and expenses with those you had projected and make necessary adjustment to income and/or expenses. You want to avoid deficits and manage your money so that you have something left over that can be used to further your savings and/or reduce the cost of high interest/bad debt by making additional principal payments to high interest/bad debt.

Next, continue to look toward the future, review your goals and timeline and project future income and expenses being sure to pay yourself by saving/investing. Financially, it is very important that you begin to build personal assets, net worth and improve your credit history and score; all vitally important to developing future long-term financial strength which will support your goals at the best interest rates and terms possible, thus lowering your cost; saving you money that you can use to grow your assets and achieve your goals.

Highly indebted physical therapy graduates are strongly advised to NOT take on new borrowing! A new graduate's first financial priority should be to organize their debt in a manner that will allow them to manage their debt (make or officially postpone payments) and save at least three months of expenses even it this means taking longer to pay-off debt or making minimum payments on other low rate debt and smaller added principal payments on high interest debt.

As a graduate you do not have a school approved budget to guide you. For most graduates your take home pay is what you have to pay for all expenses and begin building net worth.

Deduction can consume as much as a third or more of your gross income. For example an annual salary of \$50,000 nets approximately \$2917 per month in take home pay. With debt of \$60,000, assuming all in Stafford loans at 6.8% would require \$690 per month payments over the ten-year standard repayment plan, and \$394 per month with a 30-year consolidation.

Every physical therapy graduate must decide how much of their take home pay they wish to spend on each item in their budget such as housing, food, transportation, entertainment and personal expenses. For many newly indebted graduates, student loan repayment is an unrealistic/unmanageable budget option even when living a “student-like” lifestyle. But just as with everyone, bad things will happen if you do not make accommodations for your student loan repayment or if you allow your expenses to exceed your take home pay. Understanding repayment options, money and debt management strategies are imperative for graduates if they are to rise about their over-leveraged debt impairment status. A budget is the main financial tool in organizing and managing this interactive symbiotic process.

As a graduate your first savvy financial move should be to creatively reduce your living expenses and commit yourself to “living below your means.” Graduates can use the following Basic Budget Goals Breakdown template and recommendations to create a budget:

The content of this publication are proprietary and are for informational use only and are subject to change without notice. APTA, EAS Group, LLC/MEDebt Solutions nor the authors/editors assume no responsibility or any liabilities for any errors, omissions, or inaccuracies.