

Personal Financial Management



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Current Financial Situation

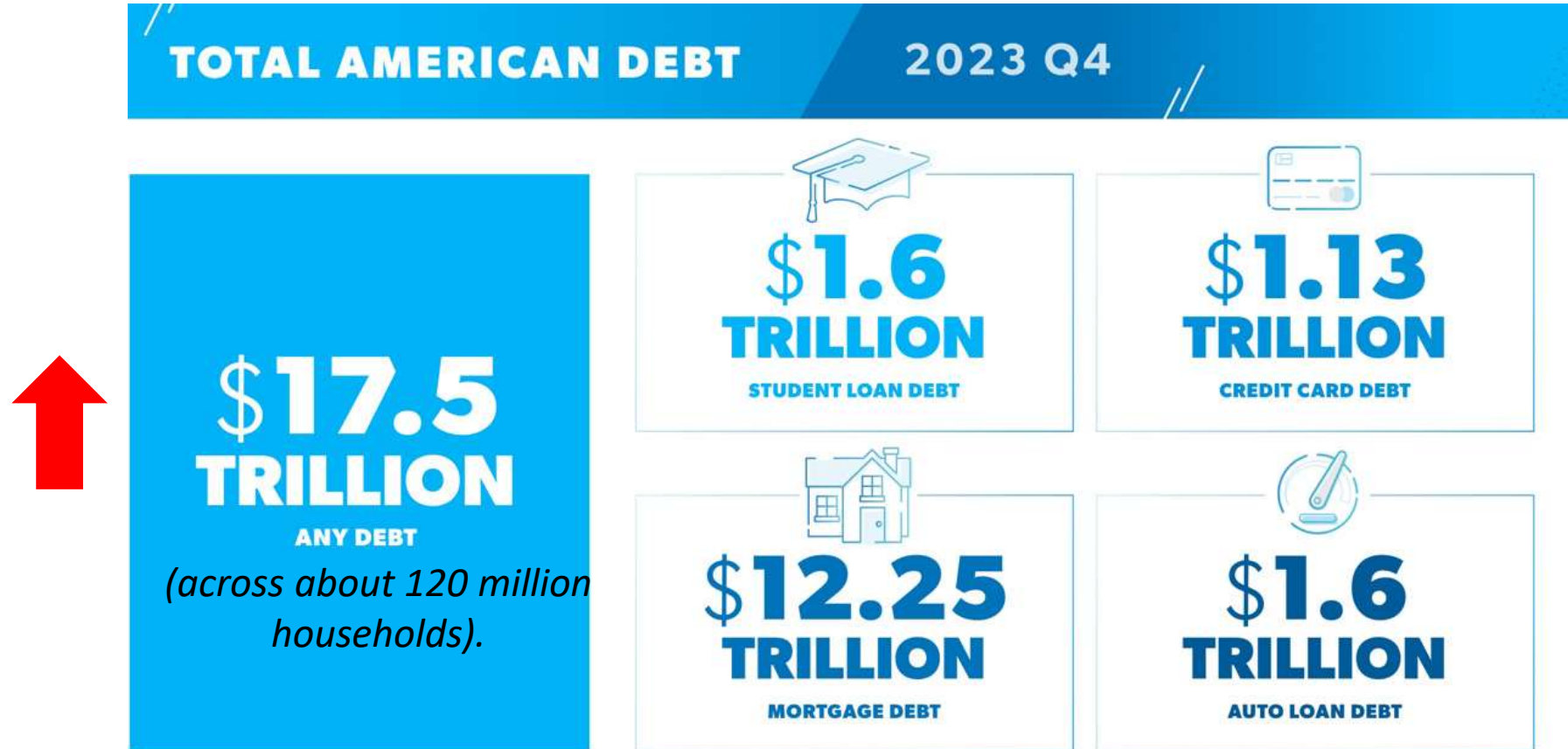
**Psychology of Personal
Financial Management**

Self-Assessment

**Techniques for Personal
Financial Management**

**How A Peer Supporter Can
Help**

Current Financial Situation



Source: New York Fed, 2024



77% of American households have at least some type of debt.¹



AVERAGE AMERICAN DEBT

PER HOUSEHOLD

(with this type of debt)

Type of Debt	Debt Total	Average Debt Per Household (with this type of debt)
Any Debt	\$17.5 trillion	\$179,850
Credit Card Debt	\$1.13 trillion	\$19,865
Student Loan Debt	\$1.6 trillion	\$58,408
Auto Loan Debt	\$1.6 trillion	\$36,832
Mortgage Debt	\$12.25 trillion	\$230,905

Sources: New York Fed, 2024; U.S. Census Bureau, 2024; Federal Reserve, 2024



AVERAGE NONMORTGAGE DEBT PER PERSON BY AGE

Age	Nonmortgage Debt Total	Average Nonmortgage Debt Per Person
18–29	\$690 billion	\$13,122
30–39	\$1.24 trillion	\$26,888
40–49	\$1.2 trillion	\$28,802
50–59	\$1.05 trillion	\$25,427
60–69	\$680 billion	\$16,836
70+	\$400 billion	\$9,961

Source: New York Fed, 2024



Locally (Colorado and Pikes Peak Region)

As of 2025, Colorado had the **third-highest increase** in average household debt in 2025, with the average household debt rising by \$832 to \$245,629

Colorado's **household credit card debt is Sixth in the nation** per person. The average credit card debt in Colorado is \$6,996 per cardholder

Average Cost of Living in Colorado: \$63,781 per year**

77% of Colorado's debt burden due to mortgages due to increasingly higher costs for homes. The remainder of the debt was Variable debt (credit cards, auto, student loans)

Typical home price in Colorado Springs is \$454,606

*<https://wallethub.com/edu/states-with-the-highest-and-lowest-credit-card-debts/63822>

** <https://www.sofi.com/cost-of-living-in-colorado/>



The cost of housing is most likely to be viewed as a very big problem, but Coloradans are nearly unanimous that all of these costs are a problem.

	A Very Big Problem	Total Problem
The cost of housing	59%	98%
The cost of healthcare and prescriptions	46%	94%
The cost of home and car insurance	45%	96%
Food and grocery prices	44%	96%
The cost of gasoline	41%	89%
The cost of utilities, including electricity and home heating	34%	93%

How much of a problem do you think each of the following things is right now in Colorado? Is it a very big problem, fairly big problem, somewhat of a problem, or not much of a problem?



COLORADO
POLLING
INSTITUTE



NEW BRIDGE STRATEGY



**The last 5 years have
been a tough years
financially for many First
Responder Families**



Psychology of Personal Financial Management

- Financial stress affects cognitive processes, damages health, and compromises the capacity to cope emotionally much like PTSD does.
- Suicidal thoughts are also a potential consequence of acute financial stress.
 - Stressful life events directly impact suicide rates, and as economic downturns occur—or when the financially stressed lose their homes, cars, or jobs, for example—suicide rates increase.
- In fact, ***an examination of 34,000 individuals found that financial stressors have the largest impact on suicide attempts, followed closely after by violent assault.***
 - - Wang, Y., Sareen, J., Afifi, T. O., Bolton, S. L., Johnson, E. A. (2012). Recent stressful life events and suicide attempt. *Psychiatric Annals*, 42.3, 101-108.



Psychology of Personal Financial Management

- Why do individuals spend?
 - Spend to acquire a survival need (food/shelter/safety)?
 - Spend to deal with frustrations or challenges in life?
 - Spend for immediate satisfaction?
- Do we distinguish between **wants vs needs** before we spend?
- Use credit cards for fun or necessity?
- Do you Budget or Balance your checkbook?

Debt – How It Can Rob a Future

- Why do people go into debt?
 - Examples of normal debt situations (house purchase)
- How can debt take over one's life?
- How can one stop the cycle of debt?

Self-Assessment Part 1

WHAT IS GOING ON TODAY?

1

HOW DO YOU FEEL WHEN YOU THINK OF YOUR FINANCES?

.....

2

HOW ARE THOSE SYMPTOMS IMPACTING YOUR LIFE?

.....

3

HOW ARE YOU REACTING TO THE FEAR OF YOUR FINANCES?

Do you avoid the conversations of finances? Are you afraid to open your bills? Are you shopping to mask how you feel? Do you feel guilty spending money?

Self-Assessment Part 1

WHERE DO YOU WANT TO BE?

4

DEFINE WHAT YOU VALUE IN LIFE?

What do you value in your life (i.e. family, safety)?

5

WHAT WOULD YOUR LIFE LOOK LIKE WITHOUT YOUR FINANCIAL STRESS?

6

WHERE AM I SPENDING MY MONEY?

What top 3 items do you spend the most on each month? Review your bank statements as needed?

Techniques for Personal Financial Management

Budget Definition

- A plan on how you will allocate your monthly income

Importance of Budgeting

- It allows one to prioritize and focus money
- It keeps one from potentially overspending
- It helps manage goals for savings and debt payoff



Budgeting

Many Fear creating a Budget – Why?

Taking the first step towards acknowledging your financial situation is the most difficult part.

What are other reasons?



Budgeting

Indicate all household income

Indicate anticipated monthly expenses

Any funds remaining from "plan" can go towards paying off more debt and/or savings

BASIC ZERO BASED BUDGET					
INCOME		MONTH: _____			
Paycheck #1	\$ _____	MONTHLY EXPENSES			
Paycheck #2	\$ _____				
Paycheck #3	\$ _____				
Paycheck #4	\$ _____				
Other Income	\$ _____				
Other Income	\$ _____				
TOTAL INCOME	\$ _____				
OFF THE TOP				Budgeted	Actual
Tithe 10%	\$ _____			Mortgage	\$ _____ \$ _____
Savings 10%	\$ _____			Car Payment	\$ _____ \$ _____
TOTAL	\$ _____	Car Insurance	\$ _____ \$ _____		
CASH ENVELOPES		Life Insurance	\$ _____ \$ _____		
Food	\$ _____	Health Ins.	\$ _____ \$ _____		
Household	\$ _____	Cable/Satellite	\$ _____ \$ _____		
Gasoline	\$ _____	Phones	\$ _____ \$ _____		
Pet Supplies	\$ _____	Internet	\$ _____ \$ _____		
Hair Care	\$ _____	Water/Sewer	\$ _____ \$ _____		
Blow Money	\$ _____	Trash	\$ _____ \$ _____		
Commissions	\$ _____	Electric	\$ _____ \$ _____		
TOTAL	\$ _____	Student Loan	\$ _____ \$ _____		
OFF THE TOP TOTAL		Car Maint.	\$ _____ \$ _____		
OFF THE TOP TOTAL	\$ _____	Debt 1	\$ _____ \$ _____		
CASH ENVELOPES TOTAL	\$ _____	Debt 2	\$ _____ \$ _____		
EXPENSES TOTAL	\$ _____	Debt 3	\$ _____ \$ _____		
OVERALL TOTAL	\$ _____	Debt 4	\$ _____ \$ _____		
OVERALL TOTAL		TOTAL	\$ _____ \$ _____		
OFF THE TOP TOTAL		OFF THE TOP TOTAL	\$ _____		
CASH ENVELOPES TOTAL		TOTAL INCOME	\$ _____		
EXPENSES TOTAL		OVERALL TOTAL	- \$ _____		
OVERALL TOTAL		EQUALS	\$ 0.00		



Debt – How to stop the cycle

Debt Payoff Plan

- Devise a strategy to pay off each of your debt obligations over a designated time period
- Establish goal for each debt obligation
- Payoff lowest debt balance first
- Don't acquire more debt
- Involve your family



Planning in Personal Financial Management

Emergency Savings Plan

- An emergency fund is simply money you've set aside for life's unexpected event
- Why? -> reduction of stress
- How much should you save for your emergency plan?
 - If you are paying off your debt, it is best to set aside \$1,000 until you are out of debt
 - 3 to 6 months of paycheck or expenses – what ever makes you more comfortable

Self-Assessment Part 2

PURPOSEFUL STEPS TO REDUCE FINANCIAL STRESS

7

PRIORITIZE WHAT YOU NEED TO DO NEXT?

8

DEFINE WHAT TO DO TO ACHIEVE YOUR PRIORITIES?

9

GET STARTED TODAY!

What step are you going to take *today* to reduce your financial stress?

How A Peer Supporter Can Help



Signs of Financial Stress

How do you know someone may be struggling financially?

- Has no idea how much money is in the bank
- Uses credit cards for the basics
- Avoids opening bills and credit card statements
- Doesn't think twice about adding more debt
- Pays off one debt with another
- Asks family or friends for money
- Lives paycheck to paycheck
- Seeking extra shifts or a second job because of need of funds
- Openly talks about the financial challenges
- Others?....

How can a Peer Supporter Help?

You can help them see beyond the “dot” to reveal achievable goals and action plans for them to start regaining control of their finances

Note: Finances are very personal. It is not important for you to know the specific \$\$ values involved

Possible Techniques you can apply

- Brainstorming
- Goal setting
- Developing strategies and action plans
- Balance Sheet technique

Debt Exploration

Example Debt Questions to Explore

- “How has debt taken over your life?”
- “How do you think you can stop the cycle of debt or spending?”
- “What do you want to do about your situation?”
- “Are you aware of the resources or tools available to help manage your finances?”

Help set up Goals

Ask, “Where do you want to be Financially?”

- Short Term (2 months to 6 months)
- Long Term (6+ months to 3 years)
- Emergency Savings?
- Retirement Vision

They may not even know, but the most important thing to do is to instill hope in them that this is a temporary problem and that there are many financial management programs available. It may take time for them to see improvements, but through intentional budgeting, diligence and personal sacrifice, they can get to a better financial situation.

Leave them with a feeling of Hope!

Financial Planning Resources



<https://www.incharge.org/debt-relief/debt-management/>



<https://www.thrivent.com/>



<https://www.freedomdebtrelief.com/debt-consolidation/colorado/>



<https://www.ramseysolutions.com/>

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