

The Dreaded Budget...

You hate it. I hate it. We all hate it. But it's not that bad...

We ask all clients to quantify their lifestyle at some point. It's an important part of our process. We might call it a "spending plan" or simply ask clients to "categorize expenses". We do not use the "B-Word". The responses vary but we often meet resistance. Why is that?

It's painful. It's stressful. And it's time consuming. Perhaps it feels better not to know. There are simply more enjoyable ways to spend an afternoon. But it doesn't have to be that way!



You can make it easier by changing your approach. Simply start with a strong foundation and build from there...

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Staff Adventure: Katie Journeys to Catalina Island

In May of 2013, my husband, Kyle, and I traveled to Catalina Island. Needing a break from the hustle and bustle of Fresno (but not wanting to travel too far from home), we decided Catalina was the perfect place. Never been there myself, I wasn't sure what to expect. After four hours in the car, we boarded the Catalina Express from Long Beach for an hour-long boat ride to Avalon.

Stepping onto the island for the first time, it seemed we were thousands of miles away from home, instead of just five hours. The diversity of people, the unique buildings, and the way of life on the island awed me.

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The Dreaded Budget...

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Step one: Review total monies in and out of your household (3 months, 6 months, etc.) until you understand monthly and annual spending. Don't judge it, understand it. Separate expenses into categories (household, transportation, health, recreation, etc.) for greater understanding. There are helpful websites (www.mint.com), software packages (www.quicken.intuit.com) and/or spreadsheets (see back page for our spreadsheet). The old "notepad" works too.

If you understand spending in each category, then you have a strong foundation. And if 1) your lifestyle fits comfortably within your resources 2) you feel good about the spending in each category and 3) you are on pace to meet your future goals - then you do not have to keep building.

If not, then there is some work to do. But you can work smart, not hard...



Step two: Review each category for discretionary spending. Leave the non-discretionary ("needs") spending out of it. *If married, discuss discretionary spending carefully with your spouse - no finger pointing.* The first step is to prioritize among discretionary categories. *If married, work together to identify common priorities - there will be differences.* What discretionary spending do you enjoy most? What do you want to spend money on? What don't you want to spend money on? Does your checkbook agree with you? *I know, nobody has a checkbook anymore...*



Don't forget to include future discretionary spending in the discussion. Today's goals and tomorrow's goals need to be considered. Hopefully, our periodic life goals projections provide context for this portion of the discussion. If necessary, minor sacrifices today are easier than major sacrifices tomorrow. *Relying on "Powerball" tickets is not a financial plan...*

Goals: The primary goals are *conscious spending* and *financial clarity*. It's much easier to assess your overall financial security if you have an awareness of spending. Additional spending goals will vary with each stage of life. Sometimes "budgeting" will be a necessary tool. But it always starts with awareness.

Dustin J. Smith, CFP®

The discussion above is, of course, simplified - no two households are exactly alike. Some households may discover that awareness leads to more questions than answers. Whatever goals emerge, it's worth the effort. Let us know if we can help...

(See Following Page for Spreadsheet)

	Category	Baseline	Goal	Oct	Diff.	Nov	Diff.	Dec	Diff.	Average	
	Gross Pay										
Income	Take-Home Pay										
	Pensions										
	Social Security										
	Other										
	Total Cash Rec'd	0		0		0		0		0	
Gifting	Tithing/Donations										
	Gifts/Cards										
Housing	1st Mort - Prin+Int										
	2nd Mort - Prin+Int										
	Property Tax										
	Property Insurance										
	Gas & Electric										
	Water/Sewer/Trash										
	Pest/Pool										
	Maintenance/Repair										
	Housekpr/Yard Work										
	HOA Dues/Security										
	Decorating/Furniture										
	Other										
	Transportation	Auto Loan 1									
		Auto Loan 2									
Insurance											
Gas/Maint/Repair											
Parking/DMV/Other											
Health	Insur. - Med/Dent/Vis										
	Copays/Prescriptions										
	Disab/Long Term Care										
	Vitamins/Health Club										
	Massage/Chiro/Yoga										
Living Expenses	Groceries										
	Latte/Lun/Dinner Out										
	Clothing/Dry Cleaning										
	Haircare/Cosmetics										
	Child Care										
	Pets (Food & Vet)										
	Cell Phones/Land Line										
	Tuition/Lessons										
	Misc. Household										
Recreation	Cable/Dish/PayPerVw										
	iTunes/CDs/DVDs										
	Netflix/Movies/Theater										
	Books/Mags/Paper										
	Hobbies/Crafts										
Travel/Vacation	Short Trips										
	Major Trips										
	Time Shares										
Misc.	Alimony/Support										
	Life Insurance										
	Qtrly Fed Taxes										
	Qtrly State Taxes										
	Credit Card Payoff										
	Student/Personal Loan										
	IRA/401k/College Inv.										
	Other										
	Other										
	Other										
Total Expenses	0	0	0	0	0	0	0	0	0		
Excess Cash Flow	0		0		0		0		0		

Staff Adventure: Katie Journeys to Catalina Island

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Catalina Island was named after St. Catherine. There were a few different owners of the island over time, most of whom tried to turn it into an entertainment/resort location, but failed. In 1919, Mr. Wrigley (of Wrigley's Chewing Gum) bought the island with the same hope as the previous owners. He succeeded. In 1929, Mr. Wrigley opened the Catalina Casino. The original project was set for a budget around half a million dollars, but wound up costing about 2 million.



The lower level of the Casino is the Avalon Theatre. Movies are still played there once a day. On the weekends, for an hour before the show begins, a man comes in to play an organ which was purchased and has resided there since a little after the Casino opened. This organ is one of three still in existence. It is the only one still in working condition and lives in its

original location. When this organ was purchased, it cost \$40,000. Houses at that time on the island were purchased for about \$1700. Kyle and I were not able to witness the playing of this grand organ; however, we did catch the new Star Trek movie at the theatre. Just the experience was worth going.



In the upper level of the Casino is a very large ballroom. At one point it was (and it may still be) the world's largest ballroom. It is still used for weddings and events. At this point, I know what you must be thinking - where are the slot machines? You won't find any. The word "casino" at that time did not mean "a place of gambling", but "a place of entertainment". The idea of gambling in a casino was not yet established.



Transportation on the island is a bit odd. To own a full size vehicle requires a permit, which could take a while considering the waiting list is 30 to 35 years long! There is sort of an upside though... a full size vehicle is considered anything over 120 inches long. So take your pick - golf cart, Mini Cooper, or Smart Car. Golf carts are the majority choice, but residents are only allowed one mini-vehicle per household. One thing I can appreciate about this little town - they definitely figured out

how to live the "little" life. They have tow-truck style golf-carts in case of a breakdown... or dare I say it... accident? And they only have one gas station that sits on the "far" side of town, which is only a mile or so down the road, but on island time, *that's a long ways!* Did I mention unleaded gasoline was above \$7 per gallon the particular week we were there?

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Staff Adventure: Katie Journeys to Catalina Island

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We found the locals were very nice, always suggesting their favorite restaurants or favorite attractions. Upon talking to one of the employees in a souvenir shop, we asked how she came to live on the island. Her answer was simply this: “When I was sixteen, I came to visit my grandmother during the summer...and forgot to leave.” Most of the locals who inhabit the island are only there seasonally; many are students who go to school in the Los Angeles area.

One of the tours we took was the East-End Adventure where 10 passengers were loaded into an open-top hummer and taken through the eastern part of the island. We saw many indigenous plants and very little wildlife. Catalina is somewhat known for their Bison, not because of the population, but how they came to live on the island. They were brought in for the movie, “The Vanishing American,” by Zane Grey. Mr. Wrigley allowed the bison there on one condition - after the movie was completed, they had to be removed to maintain the natural state of the island. However, bison are rather solitary animals, which made it difficult to herd them and transport them off. So there they stay.

On the same tour, a fellow passenger asked the tour guide about the crime rate on the island. He explained crime is almost non-existent. What would a thief do? Rob the only bank on the island and then run to wait for the mainland boat?

Needless to say, Kyle and I had a great time. Before going, we were told Catalina Island forces people to relax. We found this to be true. We also learned a great deal and found that the locals take pride in preserving the island and its history.



Katie M. Nelson,
Administrative Assistant

Pathways Holiday Hours

The Pathways Advisory Group, Inc. office will be closed for the following holidays:

Thursday, November 28 th , 2013	Monday, January 20 th , 2014
Friday, November 29 th , 2013	Monday, February 17 th , 2014
Tuesday, December 24 th , 2013	Friday, April 18 th , 2014
Wednesday, December 25 th , 2013	Monday, May 26 th , 2014
Wednesday, January 1 st , 2014	Friday, July 4 th , 2014
Monday, September 1 st , 2014	

In case of emergency, please contact Schwab directly at 1 (800) 515-2157.

Happy Holidays!

Baby News: Two New Girls!

We are proud to announce the birth of two baby girls. Brooklyn Jean Carter, born to Michelle and Ryan Carter. She was born on August 22, 2013 at 1:06 AM; she weighed in at 8 lbs 11 oz and was 20.5 inches long. Also, Paige Brooklyn Nelson, born to Katie and Kyle Nelson. She was born on September 6, 2013 at 10:33 PM; she weighed in at 7 lbs 1 oz and was 20.25 inches long. Congratulations to them on the birth of their baby girls!

New Employee Introduction:

Bonjour! My name is Leslie and I am the newest associate here at Pathways. I am learning the position of Paraplanner; my role is to assist the planners by researching topics, preparing for meetings and following through many after-meeting details.

I obtained a degree in Business Administration with an emphasis in Finance in 2011 from Fresno Pacific University, and will graduate from their Global MBA program this December. Before moving to Fresno in 2008, I was living in Marseille, my hometown, located in the south of France; I was studying Law and Political Sciences.

Pathways gives me the opportunity to learn from experienced mentors. I look forward to meeting all of you and learning more about you. Passez de bonnes fetes de fin d'année!