

## Creating a Budget

### Why should I create a budget?

#### *Budgeting for success*

Everyone wants to improve their financial position and budgeting is a key part of the process. Creating a budget will help you control your spending habits, and enhance your saving habits. When creating your budget, it's important that you be realistic and disciplined. Why? Because starting a budget is easy, but sticking to it is hard. Remember to include your family when establishing your budget. This will help them understand the part they play and the goal you are all trying to accomplish. Provide incentives to yourself and your family for meeting your short-term and long-range budgeting goals and objectives.

### What is my goal?

#### *Establishing goals and objectives*

There are four (4) primary goals for establishing a budget. They include:

1. Increasing your cash flow
2. Reducing or eliminating your debt
3. Create and maintain a savings plan
4. Set a timeframe for achieving your goals and objectives

### Where do I start?

#### *Know your numbers*

Follow these easy steps to develop your budget:

1. Gather all your checks, pay stubs, bills and receipts for the last month.
2. Separate them by income and expense.
3. What is your fixed income from all available sources?
4. What are your fixed expenses? (Costs that occur each month.)
5. What are your variable expenses? (Costs that may or may not occur each month.)
6. Record and analyze your information using a budget planner. (Page 3)

## Where do I go from here?

### *Making wise budgeting choices*

You must make decisions that are best for your long-term benefit. The following are specific things that you can do to reduce your costs and improve your financial situation:

1. Define your spending priorities by determining what expenses are “necessities” and which are “luxuries”. Determine how much of your income needs to be spent on the necessities vs. optional expenses.
2. If you are unable to meet your needs, you must first cut your expenses. If you are still unable to meet your needs, you must increase your income.
3. Reduce costs by eating or dining at home.
4. Check out store circulars and sale papers before going to shop.
5. Avoid impulse buying by using lists and maintaining discipline when you shop.
6. Avoid vending machines for small snacks. If you need snacks, buy in bulk at a reduced cost.
7. Budget entertainment and activities wisely.
8. Write it down. Document and keep records of all your income and expenses.
9. Start an Emergency fund by initially saving small amounts. Just a few dollars can add up over time and keep you in budget when unexpected expenses occur.

## Setting up a Personal Budget

Use the form below to set up your personal budget. Once you have completed your planning, try to stick to your budget for one month. At the end of the month, record your actual income and expenses. Calculate the difference between what you thought you would earn and what you actually earned. Repeat the process for your expenses.

Income	Budgeted	Actual	Difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>(A) Total Monthly Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Expenses	Budgeted	Actual	Difference
<b>Fixed expenses</b>	\$	\$	\$
Mortgage/Rent	\$	\$	\$
Homeowner/Renter Insurance	\$	\$	\$
Auto Payment	\$	\$	\$
Auto Insurance	\$	\$	\$
Gas/Electricity	\$	\$	\$
Water/Sewer	\$	\$	\$
Cable/Satellite/Internet	\$	\$	\$
Home Phone/Cell phone	\$	\$	\$
Charge Account/Credit Card	\$	\$	\$
Installment Loan	\$	\$	\$
<b>Transportation</b>			
Fuel	\$	\$	\$
Auto Repairs	\$	\$	\$
Parking and tolls	\$	\$	\$
Bus/Taxi fares	\$	\$	\$
<b>Other</b>			
Food	\$	\$	\$
Clothing	\$	\$	\$
Medical expenses	\$	\$	\$
Daycare / babysitting	\$	\$	\$
Personal items	\$	\$	\$
Household items	\$	\$	\$
School expenses	\$	\$	\$
Entertainment expenses	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
<b>(B) Total Monthly Expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Totals (Subtract Line B from Line A)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

