

Build a BUDGET

MAKE A PLAN TO LIVE WITHIN YOUR MEANS

No matter what your income, having a budget helps you plan and manage your money. It also helps you get a grip on your spending. You can use a budget-making tool, such as a free one from the website www.mint.com. You can write one on your own with a pencil and paper.

START BY LISTING YOUR TOTAL MONTHLY INCOME

Include your take-home pay, alimony, child support, unemployment, social security, and public aid. If you work on commission or freelance, your income can vary from month to month. Just estimate a monthly amount.

TRACK YOUR EXPENSES

First, list your fixed monthly must-haves – mortgage or rent, phone, cable, Internet access, car payment, or public transit costs. Include other regular set monthly expenses, such as loan payments, tuition and/or student loans, insurance premiums, church donations, and gym and other monthly membership fees.

Next, identify your variable expenses. These include what you spend weekly, monthly, two or four times a year, and yearly for:

- Groceries
- Restaurant meals, snacks, coffee and other drinks
- Gas and upkeep for your car
- Electric, gas, and water bills
- Property taxes
- Credit card payments
- Entertainment – Movies, DVDs, concerts, golf, toys, and social events
- Clothes and shoes
- Haircuts, cosmetics, and toiletries
- Gifts for birthdays, holidays, weddings, etc.
- Household items and home improvements
- Vacation



You can get amounts for many of these from monthly statements for your credit cards, debit cards, and checking and saving accounts. Otherwise, get and keep receipts for everything you pay for. You may be surprised by how much you spend on coffee drinks, food, liquor, and tips when eating out.

Put some of your income into a savings account. Do this yourself from your take-home pay or have a pre-set amount automatically deposited into a savings account.

Action Step

If you are spending more than you earn, cut back on variable expenses. If you still have money left over after paying your bills and putting money into savings, carry over the extra for future expenses.