

BUDGETING:

Track your spending and get your finances in order.



HOW TO CREATE A BUDGET IN FIVE STEPS

- 1 Calculate Net Income**
Calculate how much money you make each month. Net income is the amount of money you earn minus taxes. If you're enrolled in a health insurance plan, flexible spending account and/or a retirement account, you'll want to subtract those deductions.
- 2 List Monthly Expenses**
Common expenses include rent or mortgage payments, utilities, groceries, transportation, childcare, entertainment, etc.
- 3 Label Fixed and Variable Expenses**
Label whether your monthly expenses are fixed or variable. Fixed expenses are bills you can't avoid: rent, utilities, transportation, insurance, food, etc. Variable expenses tend to be more flexible — gym membership, dining out, etc.
- 4 Determine Average Monthly Cost for Each Expense**
List how much you spend on each expense per month. You can look up your spending on bank and credit card statements. Variable costs often fluctuate month-to-month, so you'll need to do some math to find the average. Look up three months worth of spending and divide by three to find the average.
- 5 Make Adjustments**
Compare your net income to monthly expenses. If your expenses are higher than your income, you'll need to make adjustments. If you have more income leftover after listing your expenses, you can increase your savings or start an emergency fund.

KEEPING YOUR BUDGET ON TRACK



Stay disciplined



Distinguish between "wants" and "needs"



Start at the right time



Reward yourself



Find a budgeting system



Use credit cards sparingly