

Let's Start Today

Budgeting 101

1. What is a budget?

- A budget is NOT a constraint, but a game plan for your money that may help you drive progress towards your goals.
- A budget is a foundation to build your financial success upon.

Why budget?

- A plan may help you achieve your financial goals.
- It helps you break bad money habits and motivates you to build better ones.

2. Goals vs. Aspirations

Common Aspirations

These are reasons why you're building a budget. Stay motivated and stick to the budget that works for you.



Manage money together.



Be my own boss.



Plan for retirement.



Improve my credit.



Plan for a family.



Save for college.



Pay down debt.



Rent or buy a place.



Buy a car.

Your goals

Setting specific goals is an important first step because it can help you build a road map for how to achieve these goals. This might sound like I want to have \$40,000 for a down payment for a house in 3 years, or within 6 months I will have \$1,000 saved for emergencies.

Tip

- Give each goal a dollar amount and a deadline.

Short Term (in the next 12 months)

By / /

I will:

Medium Term (in 1 to 5 years)

By / /

I will:

Long Term (in 5 or more years)

By / /

I will:

Tip

- Share your goals with someone—your parents, friends, partner or co-workers—to help keep you accountable.

I will check in with

by / /

and then every

week(s)

3. Budget Breakdown

What makes up your budget?

To reach your goals, you need money left over at the end of the month. Consider these categories that make up your budget.



Income

Take-home pay after taxes and benefits.



Fixed Expenses

Monthly bills that are generally the same.



Variable Expenses

Typical everyday living expenses that can change month to month.



Non-Monthly Expenses

Expenses you know you're going to have, but don't happen every month.



Money for Goals

The amount of money to allocate towards goals after you take expenses away from your income.

4. Current Spending Habits

Time to write out your budget

Knowing where you have been spending your money will help you identify where you want to adjust your spending.

1. Average Monthly Income	
	\$
	\$
	\$
Total	\$
Tip:	
• When you get a raise make sure you're not neglecting your future self; split the amount between your savings and your spending.	

2. Fixed Expenses	
	\$
	\$
	\$
	\$
	\$
	\$
Total	\$
Tip:	
• Don't forget about minimum payments on your debts.	

3. Variable Expenses	
	\$
	\$
	\$
	\$
	\$
	\$
Total	\$
Tip:	
• Average the last 2 to 3 months of expenses to get a baseline of where your money has been going.	

4. Non-Monthly Expenses	
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
Total	\$
Tip:	
• Plan for upcoming non-monthly expenses by estimating the amount you'll need and dividing by the number of months left to save.	

5. Disposable Income	
Average Monthly Income	\$
Total Expenses	- \$
Money for goals	\$
Tip:	
• Determine how you want to allocate your 'Money for Goals' towards your different goals each month.	

6. Goals (short term, medium term and long term)	
Emergency Fund () months pay	\$
	\$
	\$
	\$
	\$
	\$
Total	\$
Tip:	
• Decide on timelines for your goals and revisit every 6 months to check on your progress.	

5. Changing Spending Habits

The Weekly Allowance

You might consider keeping your variable expenses in check by breaking your budget into weeks and giving yourself a weekly allowance.

- Decide whether you have an allowance for each category or one big allowance for all variable spending.
- Determine your “allowance amount” for those expenses.
- Decide what expenses are included in your weekly allowance.

This works well for those that are new to building a budget and are looking for an easy way to keep their everyday expenses in check.

Tip

- Start your allowance on Monday. You’ll likely be mindful of your spending during the week to ensure funds are left for the weekend.

Weekly Allowance			
My total weekly allowance amount will be	\$		/week
Example allowance amount	\$	50.00	for dining out
Choose your allowance amount	\$		for
Choose your allowance amount	\$		for

6. Automating Spending Habits

Multiple Accounts

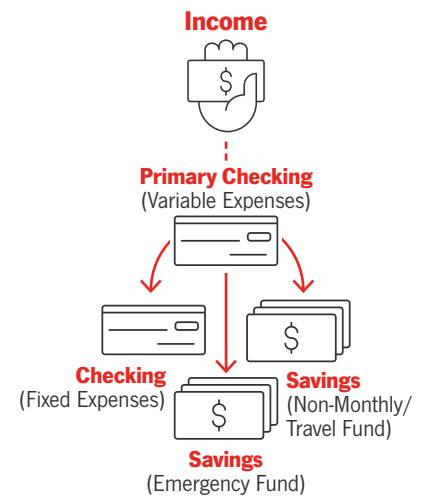
Focus on using automatic transfers between multiple accounts to separate your various expenses and/or goals.

- Decide how you’d like to break up your various spending buckets (e.g., fixed, variable, non-monthly/travel fund and emergency fund expenses).
- Consider opening up an account for each bucket.
- Set up automatic transfers for each goal or expense on a specific date.

This works well for those that are comfortable with how much they’re spending month to month, and are looking for ways to split up goal money into a system that works for them.

Tip

- Make sure you review your system any time there is a change: a raise, job loss, wedding, etc. Remember, auto-transfers will try and pull the money whether it’s there or not.



Multiple Accounts			
I will set up an account for	<i>Vacation</i>	and transfer \$	100 every <i>paycheck</i>
I will set up an account for		and transfer \$	every
I will set up an account for		and transfer \$	every
I will set up an account for		and transfer \$	every

7. Next Steps

1. Write down your goals.
2. Review past spending habits.
3. Use current spending habits to inform any potential spending changes.
4. Build a budget that aligns with your goals.
5. Choose a method to help you stick to your budget.
6. Find an accountability partner.

My next steps
