

Budgeting

"People don't plan to fail, they just fail to plan." This paraphrased wisdom from Benjamin Franklin— whose portrait still graces the U.S. \$100 bill—applies today to managing money and increasing saving and investing. Over-spending leads to unnecessary expenses like late fees, overdrafts, and over-limit fees. A budget helps you determine how much of what you make you keep. Experts say you should save two to 10% of your income every month. Too tight for you right now? Try a lower percentage and work your way up month after month.

Use the worksheet at right as your budget development guide (you may want to refer to your net-worth worksheet to help you complete parts of this section) and move one step closer to gaining financial control. Once you live below your means instead of beyond them, you'll start saving money!

Begin by pulling your bank statements from the past two months and going through each check or debit line by line. Then, plug your spending into the table at right.

- **Fixed expenses:** Bills you pay every month that don't change. Examples: your mortgage or rent, car payment, student loan, cable bill, cell phone, etc.
- **Variable expenses:** Bills that fluctuate on a month-to-month basis, depending on how much of that item you've used. Examples: utilities, gas, food, credit-card payment, etc. This category includes unnecessary fees you can avoid, such as late fees, non-sufficient-funds fees, payday lending charges, over-limit fees, and annual credit card fees.

TOTAL MONTHLY 'SPENDABLE' INCOME \$

EXPENSES

HOUSING EXPENSES

Monthly Payments (Rent or Mortgage)

Utilities: Gas

Water

Energy

Utilities Cable

Phone

Internet

Insurance

Repairs

Taxes

SUBTOTAL HOUSING EXPENSES

TRANSPORTATION EXPENSES

Loan Payment(s)

Gas

Insurance

Maintenance & Repairs

SUBTOTAL TRANSPORTATION EXPENSES

DEBTS

Other Loan

Other Loan

Credit Card Debt

SUBTOTAL DEBTS EXPENSES

MISCELLANEOUS

Cell Phone

Church Tithes, Offerings & Other Charitable Contributions

Groceries

Meals Out

Childcare

School Tuition/Supplies

Medical Bills, CoPays & Prescription Medicines

Pet Supplies & Vet Exams

Entertainment & Video Rentals

Club Dues

Newspaper, Magazine Subscriptions

Clothing

Haircuts

Savings

Gifts

Cash

Others

SUBTOTAL MISCELLANEOUS EXPENSES

TOTAL MONTHLY EXPENSE TOTALS

MONTHLY SURPLUS OR SHORTAGE

Monthly Expenses

When a household has more income than expenses, it should have a surplus that can be placed into a savings or investment account. If a household's expenses exceed income, it usually is carrying debt.

Suggested % | Actual %

Housing

33%

%

Food

17%

%

Transportation

17%

%

Clothing and Services

6%

%

Health Care

7%

%

Entertainment

5%

%

Savings

6%

%

All other

9%

%

TOTAL EXPENSES

\$