

Your Own Budget

Planning Your Spending Based On Your Income

What is a Budget

A budget has many purposes. When you have a budget, you can make sure your income and expenses match. You can check to be sure you are actually spending your money the way you want. You can figure out what adjustments you might need to make in your money habits. After you have made a budget, you will feel more confident and secure about how you use your money.

You are making the budget for your own private use, so be realistic with yourself. First, list the sources of your income. Then list where your money has to be spent. Then, you see how much money is left to spend on optional items. The budget form in this brochure is your guide.

A budget is not set in stone. It is a working document. You should review your budget every month to make sure you are following it. At first, you may need to revise it often to make sure it is accurate. You will also have to change it every time your finances change; if you get a new job, borrow money to buy a car, etc. Initially, you should update your budget monthly. Always update your budget at the beginning of each year.

When you create a budget, it is important to separate what is definite from what is not. Some income is definite, like pay from a regular job. But other income, such as gifts, is less reliable. Some expenses, like rent, must be paid each month. Other expenses, like movie tickets, are optional.

Income

Income that is regular counts the most. This includes money from a job, a pension, social security, child support, or other regular source. In some cases, you might have to estimate the exact amount you will receive based on past experience. Waitresses, for example, must estimate tips. People paid hourly who work different schedules each week must estimate hours and pay.

You may also have less regular income from gifts, odd jobs, etc. Put this in separate income categories. Some people do not even add this to income at the top of the budget. They put it at the end of the budget and use it, when it comes in, only for discretionary expenses.

Expenses

Expenses are divided into three categories in a budget: *fixed*, *variable* and *discretionary*. A *fixed expense* means you must pay the same amount every month for something. Your rent is a fixed expense. Other expenses, such as your electric bill, must be paid every month, but the amounts are usually different each month. Electricity is a *variable expense*. Some things you may choose to buy each month, like movie tickets, are *optional* or *discretionary expenses*.

Completing the Budget Form

You should make copies of the budget form. Fill it out in pencil so you can make changes as you go. If your income or expenses vary drastically from month to month, you may want to make a different budget for each month.

Income

The budget form is designed for people of any age or situation. If you are a young person living with your family, you may not have the same income and expenses your parents or other adults have. The form gives you an idea of what their income and expenses are and what yours will be as you become more independent.

If you are an adult and more than one person contributes income to your household, add everyone's income for each line. You may not have many of the types of income on the form or, if you are young, an adult may pay for you now. Just put a zero (0) or a line in those blanks. If you have a type of income or expense not on the form, write it where it says, "Other."

Look at your pay stub to find out how much you make and what tax and other deductions come out of your check. Record them in the budget. Be careful. They may change from time to time. Each month has about 4.33 weeks in it, so put 4.33 weeks of pay in your monthly income blank.

Expenses

To determine the amount of money to put in the expense blanks, total the receipts that you have saved for each category over the last month. It is a good idea to first write in the fixed expenses.

Although variable expenses are as regular as fixed expenses, they may not be the same each month. Examples are insurance, car repairs and heat. In those cases, figure out what you pay in a year and divide by 12. Make sure you save the money from the low months so you have it to apply to that expense when you need it.

If you are making a budget for the entire household, total what everyone spent for each category. (It may be easier and more fun to have each person over age twelve figure out their personal budget. The adult(s) can then combine them to make a household budget.)

Finding the "Bottom Line"

The phrase "the bottom line" comes from budget-making. It refers to the amount of money remaining after you subtract expenses from income. In a *balanced budget*, the final bottom line in your budget will be 0. That means you have a plan for what to do with all the money you take in.

On the budget form, first fill in your income and add it up. Then fill out the fixed and variable expenses and add them up. Subtract those expenses from your income to get your preliminary bottom line.

The money left over in your preliminary bottom line is what you have to spend on discretionary items, including savings and additional loan payments. Fill in the discretionary expenses blanks until you have accounted for all your income.

What if the bottom line shows a *deficit*? A deficit means that you do not have enough money to cover your expenses. Then you have to figure out how to cut expenses and/or how to make more money.

After you have your bottom line it is time to check to make sure you are being realistic. Did you write down too much income? Were you honest with yourself about what you usually spend? Make adjustments. Now you have your working budget.

Monthly Budget

Make as many copies as you need. It's a good idea to complete the budget in pencil.

Name: _____ Date: _____

INCOME

Gross pay (before taxes and deductions) Job 1	\$ _____
Gross pay (before taxes and deductions) Job 2	_____
Social security/pension payments	_____
Bonus	_____
Odd jobs	_____
Interest/dividends	_____
Contributions from others (roommates, parents)	_____
Monetary gifts (if irregular, write 0)	_____
Alimony/child support	_____
Other	_____
TOTAL MONTHLY INCOME	\$ _____

EXPENSES

Fixed Expenses (must pay a specific amount each month)

Payroll deductions	
Federal withholding tax	\$ _____
State withholding tax	_____
FICA (Social Security)	_____
Health insurance	_____
Retirement	_____
Other payroll deductions	_____
Other fixed expenses	
Rent/house payment	_____
Tenant/homeowner insurance	_____
Real estate taxes	_____
Car loan payment or public transportation pass	_____
Auto excise tax	_____
Auto insurance	_____
Parking (if fixed)	_____
Required minimum loan/credit card payment #1	_____
Required minimum loan/credit card payment #2	_____
Other	_____
TOTAL MONTHLY FIXED EXPENSES	\$ _____

Variable Expenses (must pay, but amounts vary each month)

Electricity	\$ _____
Gas	_____
Heat	_____
Water	_____
Basic telephone	_____
Child care	_____
Laundry/dry cleaning	_____
Parking	_____
Public transportation	_____
Groceries and household items	_____
Toiletries	_____
Basic clothing	_____
Hair cut	_____
Health care/prescriptions	_____
Bank fees	_____
Home repair/upkeep/basic appliances	_____
Car repair	_____
Gasoline	_____
Stationery supplies and postage	_____
Tuition/course fees	_____
School books and supplies	_____
Other	_____
TOTAL VARIABLE EXPENSES	\$ _____

TOTAL FIXED AND VARIABLE EXPENSES **\$ _____**

BALANCE REMAINING **\$ _____**
(Income, minus fixed and variable expenses)

Discretionary Expenses

(Optional; use remaining income for these)

Savings	\$ _____
Investments	_____
Additional payments on loans/credit cards	_____
Additional clothing	_____
Pet food and care	_____
Eating out (meals)	_____
Telephone long distance	_____
Cell phone	_____
Outside entertainment (clubs, tickets, etc.)	_____
Special personal care items & services	_____
Business services (law, taxes, etc.)	_____
Entertainment appliances (radio, TV, etc.)	_____
Gifts, cards	_____
Cable TV	_____

Internet access	_____
Subscriptions	_____
Books, CDs, games, video rentals	_____
Household furnishings, remodeling	_____
Dues/memberships	_____
Donations	_____
Fitness/sports participation/gym	_____
Travel/vacations	_____
Hobbies (photos, software, etc.)	_____
Snacks/take-out	_____
Lottery tickets	_____
Cigarettes/alcohol	_____
Other	_____
TOTAL DISCRETIONARY EXPENSES	\$ _____
TOTAL ALL EXPENSES	\$ _____
REMAINING BALANCE OR <DEFICIT>	\$ _____

This brochure was designed, developed, and edited by Georgia Mattison, Rachel Glickel and Sandee Storey

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