



DEVELOPING A BUDGET

Your Budget

A budget is your own personal money plan. It will help you organize your money, set and reach your goals and decide in advance how your money will work for you.

- Developing a budget will help you...
- Start an emergency fund
- Pay bills on time to avoid late fees
- Pay off debt
- Save for a high education
- Buy a house

5 Steps for Making a budget

Step 1: Total your monthly income, including bonus, commission, retirement, etc.

Step 2: Track your expenses

- Fixed expenses – costs that always occur and don't vary in amount, i.e. rent/mortgage, groceries, and utilities.
- Variable expenses – costs that occur regularly but vary in amount, i.e. car repairs, holidays.
- Discretionary expenses – Indulgences, i.e. concert tickets, restaurants.

Step 3: Calculate and record monthly expenses. Use a budget book, computer software, or budget form

Step 4: Compare your income to your expenses

Step 5: Evaluate and adjust your expenses

TRY THIS!

Use the “Step Down” method and cut back slowly on your unneeded expenses. If your family has a tradition of going to a movie and dinner every week - try renting a movie and eating popcorn instead.

After you make a budget . . .

Organize Your Important Papers

- Make Temporary / Annual Files that contain records and information accumulated throughout the year.
- Make Permanent Files that are not often used but are important.
- Discard files and papers that are unnecessary!

What to keep:

- Bank statement 6 years
- Canceled checks 6 years
- Contracts Updated
- Home purchase As long as you own the home
- Investment records 7 years/ Permanently
- Loan agreements Until paid in full
- Real estate deeds Until transferred
- Service contracts & Warranties Until expired
- Tax returns 7 years
- Vehicle titles As long as you own the car
- Will Updated
- Insurance records Yearly

Make a Binder Containing:

- Personal directory
- Professional directory
- Personal property inventory
- Net worth statement
- Budget/special expenses
- Loan Papers
- Income tax information
- Rental or lease agreements
- Insurance policies
- Social Security benefits statement
- Birth certificates SS cards and Credit report



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