Tips for Successful Budgeting

The Excel Version of the Budget can be edited to fit your needs. The PDF version is for those who wish to print out and handwrite their monthly budget.

Filling Out Your Budget

- Create your budget for next month during the final week or two of the current month.
- Write the name of the Month in the top blank.

INCOME

- Under "Income Categories," on a separate line for each one, write a description of each source of income you will have during the month.
- Enter the amount of income you expect to receive from each category under the "Projected" column.
- Add up all the projected amounts and write the total in the "Projected" column on the "TOTAL INCOME" Row.
- Some Income Categories include: Paycheck, Bonus, Tips, Dividend Payment, Alimony, and Child Support

EXPENSES

- Under "Expense Categories," on a separate line for each one, write a description of each individual expense you expect to have during the month
- Enter the amount of expense you expect to pay from each category under the "Projected" column.
- Add up all the projected amounts and write the total in the "Projected" column on the "TOTAL OUTFLOWS" Row.
- Some Expense Categories include: Housing (Rent, Maintenance, Insurance), Utilities (Water, Electric, Gas, Trash, Internet, Cable, Phone), Food (Groceries, Dining Out), Transportation (Car Payments, Fuel, Repairs, Insurance), Clothing (New Clothes, Cleaning), Health (Health Insurance, Doctors, Prescriptions), Personal (Life Insurance, Personal Items, Child Care, School Supplies, Hair Care, Subscriptions), Recreation (Entertainment, Vacations, Travel), Charity (Church / Tithes, Donations), Debt Service (Credit Card Payments, Personal Loans), Savings (Home Purchase Fund, Retirement, College, Emergency Fund).

BALANCING YOUR BUDGET

- Subtract the "Total Projected Outflow" from the "Total Projected Income" and write that number in the "Projected" column on the "DIFFERENCE" Row.

- If the "Total Projected Difference" is a negative number, that means you expect to have more money going out than coming in for the month. In this case, there are three solutions to consider:
  - Review your expense categories and look for places where you can cut your spending for the month.
  - Review your income categories to see if there is any way you can increase your income for the month.
  - Do some combination of increasing income and cutting expenses until the "Projected Difference" is zero or greater.

Using Your Budget

- As the month progresses, fill in the real income and expense amounts you actually received or spent for each category in the "Actual" row. Do your best to keep expenses at or below the Projected amounts.
- If unexpected income or expenses arise during the month, add a new category and fill in the amount earned or spent in the Actual column. Leave the Projected column blank for that category.
- When you are done with a category of income or expense for the month, subtract the "Actual" amount from the "Projected" amount for each category of income or expense and write it in the "Difference" row.
- At the end of the month, add up the column of Actual Income and write the total in Total Income Row. Also, add up the column of Actual Expenses and write the total in Total Outflows Row.
- Subtract the Total Actual Outflow from the Total Actual Income and write the number in the Difference Row. If that number is zero or greater, you successfully made it through the month living within your means.
- If you have a large amount of money left over at the end of the month, you should carefully consider what you will do with the extra funds. Ideally, you should put it towards savings, or to pay down debt.
- If you are consistently ending the month with more expenses than income, this is not sustainable. You need to take a hard look at where you can increase income and/or cut expenses.
- Use the previous month's budget as a guide to make sure you include ALL of your income and expenses in next month's budget.

Keep working at it and over time, you will be able to anticipate and plan for all of your expenses, make your money work harder for you, and begin putting money away for your future (for things like buying a home!).

Hafner
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