



BUDGETS

The basics of developing a personal budget.

Example Budget

What is a budget? A budget is your own personal money plan. It will help you organize your money, set & reach 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 higher 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 total monthly expenses. Use a budget book, computer software, or budget form to record.

Step 4: Compare your income to your expenses.

Step 5: Evaluate and adjust your expenses. If Income exceeds expenses, consider allocating the difference to savings, paying off debt or depositing into an emergency fund.

Following up:

Follow up on your budget to ensure its effectiveness. If your incomes or expenses change, update your budget accordingly.

You may also consider meeting with a financial advisor at your bank or credit union to discover where some expenses could be saved on.

Quick Tip:

Use the "Step Down" method to 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.

MONTHLY INCOME

Item	Amount
Income 1	\$2,500.00
Income 2	\$1,000.00
Other	\$250.00

MONTHLY EXPENSES

Item	Amount
Rent/mortgage	\$800.00
Electric	\$120.00
Gas	\$50.00
Cell phone	\$45.00
Groceries	\$500.00
Car payment	\$273.00
Auto expenses	\$120.00
Student loans	\$50.00
Credit cards	\$100.00
Auto Insurance	\$78.00
Personal care	\$50.00
Entertainment	\$100.00
Miscellaneous	\$50.00

SUMMARY

Total Monthly Income

\$3,750

Total Monthly Expenses

\$2,336

Total Monthly Balance

\$1,414

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