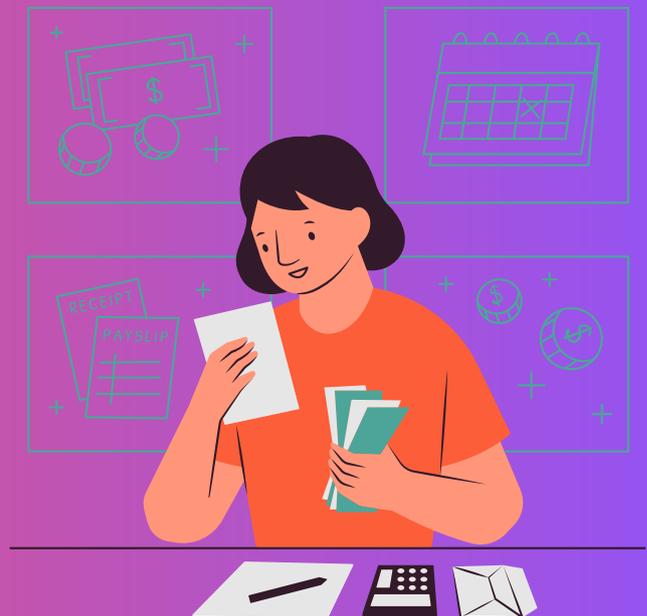


BUDGETING BASICS



INTRODUCTION

BUDGETING IS A FUNDAMENTAL SKILL THAT CAN SIGNIFICANTLY IMPACT YOUR FINANCIAL WELL-BEING. FOR MANY UNDERPRIVILEGED ADULTS, MANAGING LIMITED RESOURCES EFFECTIVELY IS CRUCIAL TO ACHIEVING FINANCIAL STABILITY AND PEACE OF MIND. THIS GUIDE WILL PROVIDE A COMPREHENSIVE OVERVIEW OF BUDGETING, OFFERING PRACTICAL ADVICE AND ACTIONABLE STEPS TO HELP YOU TAKE CONTROL OF YOUR FINANCES.

WHY BUDGETING MATTERS?

BUDGETING IS THE PROCESS OF CREATING A PLAN TO SPEND YOUR MONEY. THIS PLAN IS CALLED A BUDGET. A BUDGET HELPS YOU:

- UNDERSTAND WHERE YOUR MONEY GOES.
- ENSURE YOU HAVE ENOUGH MONEY FOR THE THINGS YOU NEED.
- SAVE FOR FUTURE GOALS.
- AVOID DEBT AND FINANCIAL STRESS.

WITHOUT A BUDGET, IT'S EASY TO OVERSPEND AND FIND YOURSELF STRUGGLING TO MAKE ENDS MEET. BUDGETING EMPOWERS YOU TO MAKE INFORMED DECISIONS ABOUT YOUR MONEY AND WORK TOWARDS A MORE SECURE FINANCIAL FUTURE.



STEPS TO CREATE A BUDGET

IDENTIFY YOUR INCOME

1. START BY DETERMINING HOW MUCH MONEY YOU HAVE COMING IN EACH MONTH.

THIS INCLUDES:

- WAGES OR SALARY
- GOVERNMENT BENEFITS (E.G., UNEMPLOYMENT, FOOD STAMPS)
- CHILD SUPPORT OR ALIMONY
- ANY OTHER SOURCES OF INCOME

2. IT'S IMPORTANT TO CALCULATE YOUR NET INCOME, WHICH IS THE AMOUNT YOU TAKE HOME AFTER TAXES AND DEDUCTIONS.

LIST YOUR EXPENSES

- NEXT, LIST ALL YOUR MONTHLY EXPENSES. THESE CAN BE DIVIDED INTO TWO CATEGORIES: FIXED AND VARIABLE.
- FIXED EXPENSES: THESE ARE REGULAR, RECURRING EXPENSES THAT DON'T CHANGE MUCH FROM MONTH TO MONTH. EXAMPLES INCLUDE:
 - RENT OR MORTGAGE PAYMENTS
 - UTILITIES (ELECTRICITY, WATER, GAS)
 - TRANSPORTATION (BUS FARE, CAR PAYMENTS)
 - INSURANCE (HEALTH, AUTO)
 - CHILDCARE
- VARIABLE EXPENSES: THESE EXPENSES CAN FLUCTUATE EACH MONTH. EXAMPLES INCLUDE:
 - GROCERIES
 - CLOTHING
 - MEDICAL EXPENSES
 - ENTERTAINMENT
 - EATING OUT

TRACK YOUR SPENDING

- FOR A MONTH, KEEP TRACK OF ALL YOUR EXPENSES. WRITE DOWN EVERYTHING YOU SPEND MONEY ON, NO MATTER HOW SMALL. THIS WILL HELP YOU SEE WHERE YOUR MONEY IS GOING AND IDENTIFY AREAS WHERE YOU MIGHT BE ABLE TO CUT BACK.

COMPARE INCOME AND EXPENSES

- AFTER TRACKING YOUR EXPENSES FOR A MONTH, COMPARE YOUR TOTAL INCOME TO YOUR TOTAL EXPENSES. THIS WILL SHOW YOU WHETHER YOU ARE LIVING WITHIN YOUR MEANS OR OVERSPENDING. IF YOUR EXPENSES EXCEED YOUR INCOME, YOU'LL NEED TO MAKE ADJUSTMENTS TO AVOID GOING INTO DEBT.

STEPS TO CREATE A BUDGET

SET FINANCIAL GOALS

- SETTING FINANCIAL GOALS GIVES YOU A PURPOSE FOR YOUR BUDGET. YOUR GOALS CAN BE SHORT-TERM (SAVING FOR A NEW APPLIANCE) OR LONG-TERM (BUILDING AN EMERGENCY FUND, SAVING FOR EDUCATION). MAKE SURE YOUR GOALS ARE SMART:
- SPECIFIC: CLEARLY DEFINE WHAT YOU WANT TO ACHIEVE.
- MEASURABLE: ESTABLISH CRITERIA TO TRACK YOUR PROGRESS.
- ACHIEVABLE: ENSURE YOUR GOALS ARE REALISTIC GIVEN YOUR FINANCIAL SITUATION.
- RELEVANT: MAKE SURE YOUR GOALS ALIGN WITH YOUR VALUES AND LONG-TERM OBJECTIVES.
- TIME-BOUND: SET A DEADLINE FOR ACHIEVING YOUR GOALS.

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MAKE A PLAN

- WITH YOUR INCOME, EXPENSES, AND GOALS IN MIND, CREATE A PLAN TO MANAGE YOUR MONEY. DECIDE HOW MUCH YOU WILL ALLOCATE TO EACH EXPENSE CATEGORY AND SET ASIDE MONEY FOR YOUR GOALS. HERE'S A SIMPLE EXAMPLE OF A MONTHLY BUDGET:

EXAMPLE PLAN

Category	Amount
Income	\$2000
Rent	\$700
Utilities	\$150
Transportation	\$100
Groceries	\$300
Insurance	\$100
Savings	\$150
Entertainment	\$100
Total Expenses	\$1700
Remaining Balance	\$200

STEPS TO CREATE A BUDGET

ADJUST YOUR SPENDING

- IF YOUR EXPENSES ARE HIGHER THAN YOUR INCOME, YOU'LL NEED TO FIND AREAS TO CUT BACK. LOOK AT YOUR VARIABLE EXPENSES FIRST, AS THESE ARE EASIER TO ADJUST. FOR EXAMPLE:
 - COOK AT HOME INSTEAD OF EATING OUT.
 - CANCEL SUBSCRIPTIONS YOU DON'T USE.
 - SHOP FOR GROCERIES WITH A LIST TO AVOID IMPULSE PURCHASES.
- ADDITIONALLY, CONSIDER WAYS TO INCREASE YOUR INCOME, SUCH AS TAKING ON A PART-TIME JOB OR SELLING ITEMS YOU NO LONGER NEED.

MONITOR AND ADJUST YOUR BUDGET

- YOUR BUDGET IS NOT A ONE-TIME ACTIVITY; IT'S AN ONGOING PROCESS. REGULARLY REVIEW YOUR BUDGET TO SEE HOW YOU'RE DOING. ADJUST IT AS NEEDED TO REFLECT CHANGES IN YOUR INCOME OR EXPENSES. THIS HELPS ENSURE YOU STAY ON TRACK WITH YOUR FINANCIAL GOALS.

TIPS FOR SUCCESSFUL BUDGETING

- BE REALISTIC: SET REALISTIC SPENDING LIMITS AND SAVINGS GOALS. OVERLY STRICT BUDGETS ARE HARD TO MAINTAIN AND CAN LEAD TO FRUSTRATION.
- STAY ORGANIZED: USE A BUDGETING TOOL OR APP TO HELP YOU KEEP TRACK OF YOUR INCOME AND EXPENSES. THERE ARE MANY FREE RESOURCES AVAILABLE THAT CAN SIMPLIFY THIS PROCESS.
- STAY DISCIPLINED: STICK TO YOUR BUDGET AS CLOSELY AS POSSIBLE. AVOID UNNECESSARY SPENDING AND PRIORITIZE YOUR FINANCIAL GOALS.
- SEEK SUPPORT: IF YOU'RE STRUGGLING, CONSIDER SEEKING ADVICE FROM A FINANCIAL COUNSELOR OR JOINING A SUPPORT GROUP. MANY COMMUNITIES OFFER FREE FINANCIAL EDUCATION RESOURCES.

OVERCOMING COMMON BUDGETING CHALLENGES

- IRREGULAR INCOME: IF YOUR INCOME VARIES FROM MONTH TO MONTH, BASE YOUR BUDGET ON YOUR AVERAGE INCOME. DURING HIGHER-INCOME MONTHS, SAVE EXTRA MONEY TO COVER EXPENSES IN LOWER-INCOME MONTHS.
- UNEXPECTED EXPENSES: LIFE IS UNPREDICTABLE, AND UNEXPECTED EXPENSES CAN ARISE. HAVING AN EMERGENCY FUND CAN PROVIDE A FINANCIAL CUSHION. START SMALL AND GRADUALLY BUILD YOUR EMERGENCY FUND OVER TIME.
- DEBT MANAGEMENT: IF YOU HAVE DEBT, PRIORITIZE PAYING IT OFF. FOCUS ON HIGH-INTEREST DEBT FIRST, WHILE MAKING MINIMUM PAYMENTS ON OTHER DEBTS. CONSIDER CONSOLIDATING YOUR DEBT OR SPEAKING TO A FINANCIAL ADVISOR FOR ADDITIONAL STRATEGIES.

*Thank you for all you've done by reading this article on
Budgeting Basics. Try to apply it wherever you can.
ENJOY!*

**Thank
You!**

FROM: TARUSH