

Financial Wellbeing



How to Create a Budget

Make Your Budget

Once you understand your expenses and income, you're ready to create a budget that will serve your personal and financial goals by helping you.

- Allocate your money according to your priorities
- Control spending
- Save money

Decreasing Expenses

If your expenses exceed your income, you will have to cut expenses or increase your income. If finding more income is not realistic, focus on decreasing your expenses. The trick is doing this without depriving yourself of items or services you truly need.

Reduce the amount you spend in each category

Review your expenses and look for categories you can comfortably reduce slightly. For example, let's say you need to cut \$175 from your budget. You had planned on spending \$100 a month on meals at restaurants, but are willing to decrease that to \$50, thereby saving \$50.

Preserve things you cannot live without.

Make a list of things you feel you can't live without, and whittle down your other expenses to accommodate them. For example, you may decide to give up most of your magazine and newspaper subscriptions because you know you'd go nuts if you couldn't go to the movies once a week. If you make room for at least some of the things you love most, you're much more likely to succeed at your plan.

Staying on Track

Don't think of your budget as etched in stone. If you do, and you spend more on an item than you've budgeted, you'll get frustrated and be more likely to scrap the budget altogether.

Review your budget and make adjustments

Check your figures periodically. If you never have enough money to make ends meet, it's time to adjust some more. Or, if you constantly overspend in one area, change the projected amount for that category and trim the money from another category.

Consider larger financial changes.

If you continually come up short, you may need to consider some larger changes. For example, you might sell your newer car for an older used car to free yourself from car

payments. As you make adjustments to your budget, give careful thought to your priorities. Think about what you value, and be honest with yourself.

Be willing to sacrifice.

You may have to sacrifice some things that feel important to you. But don't expect to stick to your budget if you take away all but the essentials. Be realistic.