

Budgeting

What can you afford to spend on an apartment? Can you afford to buy or lease that new car? How can you save money for a great vacation next summer? All of these questions have a very simple answer: make a budget. A budget can help you get your monthly expenses under control and plan for future expenses. But how do you do it?

Use a budget worksheet to record your income and expenses, and to organize your bills, statements and receipts. Budgeting is usually done on a monthly basis, so do not include expenses or income that you do not receive every month on the worksheet.

While working on your budget, remember that you should put your savings aside first, not last. As soon as money comes in, savings should be banked or put out of reach. Here is a chart of expenses. It tells the percentage of take home income that most people should spend on basic expenses.

Housing	15%-25%	Savings	5%-10%
Food	15%	Utilities	10%
Medical	5%-10%	Transportation	4%-10%
Recreation	5%	Clothing	5%-10%
Miscellaneous	3%		

Now that you've got the basics of working with a monthly budget, it is a simple step to use the spreadsheet or worksheet to figure out how much you can afford to spend on that new apartment, new car or great vacation.

Enter all of the budget figures for every expense **except** the one you're interested in. Now use the "Net Income" figure to determine if the new expense is within your budget.

Household Budget Worksheet

	Estimated	Budget	Actual	Difference
Income				
Wages				
Bonuses				
Interest				
Capital Gains				
Dividends				
Other				
Income Total				
Expenses				
Savings				
Rent				
Utilities (gas, electricity, etc.)				
Cable/Satellite				
Telephone				
Renters Insurance				
Car Payments				
Car Insurance				
Car Maintenance				
Gasoline				
Other Transportation				
Groceries				
Restaurants				
Entertainment				
Internet Access				
Clothing (including cleaning expenses)				
Charitable Donations				
Credit Cards				
Hobby Expenses				
Pet Expenses				
Health Care				
Property Taxes				
Income Taxes				
Social Security/ Employment Taxes				
Other Expenses				
Expenses Total				
Net Income				