

## Getting started: How to make a budget

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Budgets are essential to your financial health. They allow you to keep a modicum of self-control on your spending. They will show you where you can start saving money.

The biggest rule to balancing the books is to live below your means. You're living in a world where basic arithmetic makes sense; you earn an income and subtract your spending.

- Times where your income minus your spending is positive, you have savings.
- Times where income minus spending is negative, you have debt.

It's literally that simple. Since we want to avoid debt, and since your income is probably set in stone, regulating your spending is key.

## Investment and financial education apps

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- [Acorns](#): round purchases to the next dollar and invest the cents in low-cost trade funds
- [Robinhood](#): learn about the stock market and receive real-time news alerts
- [Tycoon](#): avoid paycheck delays as a freelance or contract worker
- [Unbury](#): a financial calculator to help you pay off your debts
- [Venmo](#): share and like payments and purchases through a social feed

## Online resources for post-college budgeting

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- [LaTisha Styles](#): A coach provides advice to pursue entrepreneurial endeavors
- [LearnVest](#): A blog to help you manage your money, career, life, and debt
- [Mr. Money Mustache](#): An advocate for financial independence and early retiree at 36
- [Personal Finance Subreddit](#): Get out of debt and stay on top of your finances
- [The Financial Diet](#): Learn about personal finance through tips and interviews
- [thewildwong](#): personal finance and career advice from a freelance writer

Cesal, A. & Doherty, D. (2017). *Income + Financial Stability in America*. Retrieved from <http://fiftythirtytwenty.com/>.

Hong, E. (2018, July 2). *8 Best Personal Finance Apps of 2018*. Retrieved from <https://www.investopedia.com/personal-finance/personal-finance-apps/>.

Zonation. (2014). *Getting started: How to manage a budget*. Retrieved from [https://www.reddit.com/r/personalfinance/comments/1r90pc/getting\\_started\\_how\\_to\\_make\\_a\\_budget/](https://www.reddit.com/r/personalfinance/comments/1r90pc/getting_started_how_to_make_a_budget/).

## Step 1: Find a way to manage your spending

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- [Mint](#): create a budget and track spending across multiple accounts
- [You Need A Budget](#): live within your means with an in-built accountability partner
- [Wally](#): track and categorize your expenses by uploading receipt photos
- A software or spreadsheet that streamlines your spending and saving habits

## Step 2: Anticipate your monthly income

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- Project all savings, earnings, and spending within a month-to-month budget
- Budget out for four weeks of take-home/after-tax pay
  - Use [ADP's financial calculators](#) to identify take-home pay
  - Anticipate your monthly cost with the EPI's [Family Budget Calculator](#)

## Step 3: Identify mandatory spending (the 50/30/20 rule)

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- Categorize all financial expenses in three categories: needs, wants, and savings
  - **Needs**: mortgage/rent, utilities, insurances, groceries, transportation, phone
  - **Wants**: cable, internet, entertainment, personal care, shopping, travel
  - **Savings**: student loans, credit cards, savings, retirement, car payments, debt
- Anything that is not related to your safety or survival is considered discretionary/wants
- Evaluate your personal circumstances and consider lifestyle changes as necessary
  
- If your monthly mortgage/rent is more than 30% of your take home pay, consider:
  - Getting a roommate
  - Moving to some place cheaper
  
- If your monthly expenses on your car is more than 15% of your take home pay, consider:
  - Carpooling to work or taking the bus or a bike
  - Traveling less by taking more efficient routes
  - Moving closer to your work
  - Selling your car (assuming you live in a cycling- and walking-friendly community)
  
- If your groceries are more than \$300 per person, consider:
  - Buying in bulk
  - Purchasing store or generic brand items
  - Visiting less expensive grocery stores

## Step 4: Slay debt, make an emergency fund, construct goals, and save for retirement

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- Focus on removing debt from your life as if it is a toxic person or habit
- Save for an emergency to cover 3-6 months of expenses
  - Job separation, significant illnesses and/or accidents, unexpected child, etc.
- Invest early into retirement to take advantage of compounded interest

## Step 5: Manage discretionary spending

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- Live within your means and save for expenses that will improve your quality of life
- Remind yourself that you are taking steps towards financial independence

# 50/30/20 BUDGETING WORKSHEET

Track and visualize your income and spending for an average month to see how it compares to an ideal budget. If you don't normally keep track of your spending, using a budgeting tool like Mint.com for a month might be helpful.

1.

Look at your spending for one month, and record your data on this page. Then continue to step 2 on the next page.

Monthly Income: \_\_\_\_\_  
your average take-home pay for the month

## NEEDS

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Housing: \_\_\_\_\_ \$  
monthly spending on rent or mortgage

Utilities: \_\_\_\_\_ \$  
monthly spending on electricity + water  
+ gas + internet (excludes phone and cable)

Groceries: \_\_\_\_\_ \$  
monthly spending on groceries

Healthcare: \_\_\_\_\_ \$  
monthly spending on healthcare + health insurance

Transportation: \_\_\_\_\_ \$  
monthly spending on car loan + car insurance + gas, +  
public transportation

Childcare: \_\_\_\_\_ \$  
monthly spending on childcare

**Total Needs:** \_\_\_\_\_ \$  
add housing + utilities + groceries + healthcare +  
transportation + childcare

## WANTS

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**Other Spending:** \_\_\_\_\_ \$  
everything else you spend money on like restaurants,  
bars, phone, cable, hobbies, personal care, shopping,  
travel and other household spending

## SAVE


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**Savings &  
Debt Repayment:** \_\_\_\_\_ \$  
what you have left over at the end of the month + money  
you put towards paying off credit card debt, student loans  
and any other debt

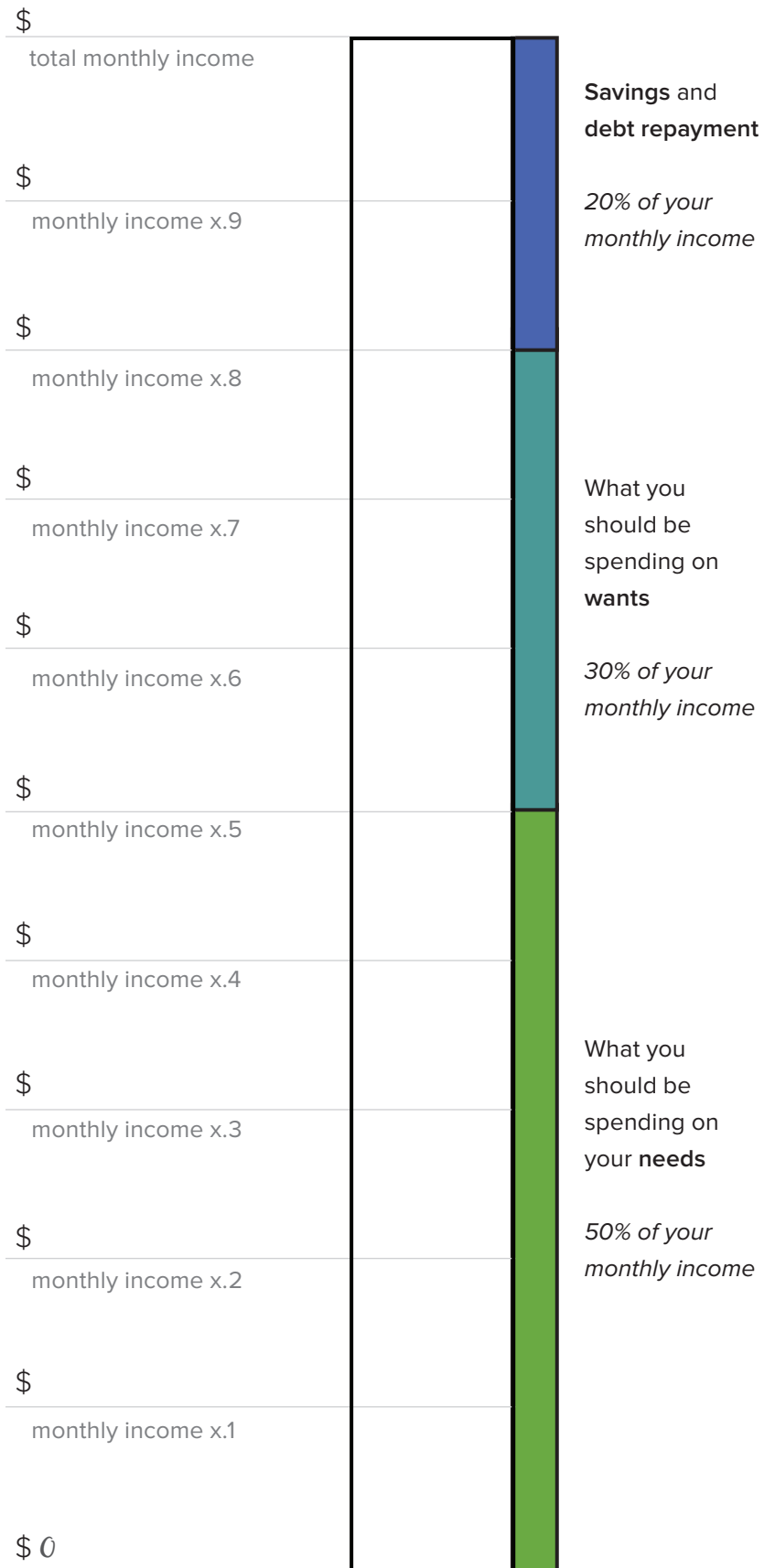
2. On this page fill out the lines starting from the bottom. Then continue to step 3.

3. After you've filled in the lines, color in the value of your needs, wants and savings starting from the bottom with needs. They should equal your monthly income, and fill in the bar.

Color Key:

-  Savings and debt repayment
-  Wants
-  Needs

4. Then compare to the 50/30/20 budgeting guideline. Ideally, this is what you should be spending each month on your needs, wants, and savings.





Mint budgets are free and easy.  
Sign up at [mint.com](http://mint.com).

## Free Budget Template

Monthly income for the month of: \_\_\_\_\_

Item	Amount
Monthly take home pay	
Spouse's take home pay	
Side hustle	
Investments	
Reimbursements	
Other (bonus, birthday)	
<b>Total</b>	

Income VS Expenses	Amount
Monthly income	
Monthly expenses	
<b>Difference</b>	

Monthly expenses for the month of: \_\_\_\_\_

Item	Amount
Rent/Mortgage	
Utilities	
Cell phone	
Groceries	
Student loans	
Health insurance	
Medical expenses	
Credit card debt	
Entertainment	
Laundry	
Credit cards	
Gas/tolls/bus fares	
Car loan/auto insurance	
Clothing	
Child, adult, or family care	
Savings	
Property taxes	
Household repairs	
Retirement contributions	
Other (memberships)	
<b>Total</b>	

My financial goal for this month

### SMART Financial Goalsetting

- Specific: What do you want to accomplish? Why? What resources or limitations are involved?
- Measurable: How much do you want to save? What do you need to change, add, or take away?
- Achievable: How will you accomplish this goal? How will I know when I achieved the goal?
- Realistic: Is this worthwhile? How is this relevant to me? Does it coincide with other goals?
- Time-bound: When do I start? What can I do today? Next week? Next few weeks? Next month?