The Importance of Creating a Budget

Budgeting is the process of creating a plan to spend your money. Creating this spending plan allows you to determine in advance whether you will have enough money to do the things you need to do or would like to do.

If you don't have enough money to do everything you would like to do, then you can use this planning process to prioritize your spending and focus your money on the things that are most important to you.

Since budgeting allows you to create a spending plan for your money, it ensures that you will always have enough money for all the things you _need_ as well as the things you _want_.

How to Create a Budget

At the start of the month, use one of your budget forms to create your new budget.

Start by listing all of your expected after-tax income in the space at the top of the form. In the second space, list any other money you expect to earn this month.

Next, list all of your expenses. Try to be realistic: If you know you're probably going to spend $200 on entertainment this month, don't put down $100 because it looks better.

At the bottom of the form, take your expected income and subtract your expected expenses. If you have money left over, it should go to your savings. If you have a negative number that means you will need to reduce your spending next month.

Monthly Budget _OCTOBER, 2018_

INCOME:

Paychecks	$2,400
Other Income (Garage Sale)	$100

EXPENSES:

Housing	$850
Utilities (Water, Electric, Cable, Internet)	$210
Groceries	$350
Meals out	$120
Transportation (Gas, Oil Change)	$60
Health/Personal Care (Haircut, Gym)	$50
Education Expenses	$40
Cell Phone	$65
Debt/Loan Payments (Credit Card)	$150
Entertainment	$130
Pet Supplies	$50
B-Day gift for Dad	$30

TOTAL INCOME - TOTAL EXPENSES = _$395 for savings_

Once your budget is complete, try and stick to it! Your budget will help you save money for the future and keep you out of debt.