

MONEY MINDSET

get focused on your budget



If you don't feel like you have control over your finances, chances are you avoid looking at them in detail. Perhaps you tell yourself that debt is normal or that you'll never make enough money to be able to save as much as you'd like to so there's not much point in trying to change things. Avoidance is a common reason why people get comfortable with debt or don't establish and plan for their financial goals. The best (and only) way to change this is to shift your mindset and schedule consistent time to work on your finances. Creating a budget is a must if you want to understand how your money flows and gain control over how you spend and save.

HOW TO CREATE A BUDGET



3 List your expenses. Reference the information in step 1 to create your list of *fixed* (same amount each month) and *variable* (can change from month to month) expenses.



1 Gather your financial information including bills, bank statements, credit card statements – anything you currently spend money on.



2 Calculate your net income. This is the total amount that you have to budget with.



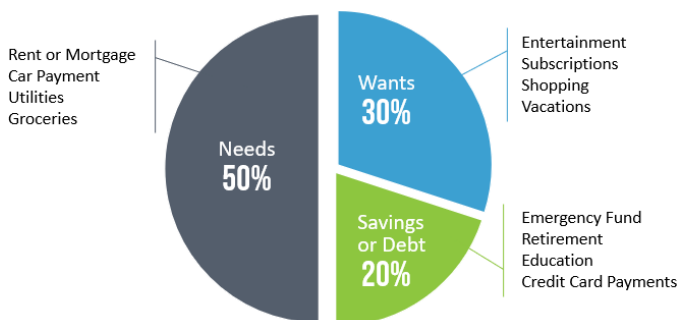
4 Calculate the difference. Subtract your expenses from your income to determine where you stand. From here, you can adjust so your expenses do not exceed your income.



5 Track your spending. Your budget is your reference. Each day, record your actual spending so you can monitor your progress and adjust as you go, if necessary, to stay on budget.

WHAT IS THE 50-30-20 RULE?

The **50-30-20 Rule** is a budgeting technique that divides your income into three categories. It's a simple way to organize and track your spending. Keep in mind that this is just one approach to budgeting and you need to determine what works best for your unique situation. Perhaps your current finances won't allow for 30% allocated to *wants*, but you can implement goals to help you get there if this is an approach you'd like to use.



BUDGETING TIPS

- 1 Make budgeting a family affair.** If you have a partner, do your budget together. You need to be on the same page with how you spend and save.
- 2 Remember that every month is different.** Some months come with specific expenses (e.g. birthdays, car maintenance), so you need to adjust your budget accordingly. If you can, incorporate a savings fund for bigger spends you know are coming (e.g. Christmas shopping in December). Planning ahead will help avoid stress.
- 3 Include debt repayment.** If you have debt, paying it off needs to be a top priority. No matter how small the contribution, it will help. The sooner you pay it off, the sooner you can reallocate those funds to another category.
- 4 Use tools that work for you.** If spreadsheets aren't your thing, there are plenty of online tools and apps that can help you create and manage a budget that will keep you on track.

Sources: www.ramseysolutions.com/budgeting/the-truth-about-budgeting | bettermoneyhabits.bankofamerica.com/en/saving-budgeting/creating-a-budget
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