



**MEMBERS 1<sup>st</sup>**  
FEDERAL CREDIT UNION

# THE ART OF BUDGETING



# Budgeting: What is it?

- Budgeting is a **step-by-step plan for your money.**
- Budgeting can also be called a personal spending plan.



## 3 THINGS A BUDGET CAN DO

1. Put you in control of your money.
2. Reduce your money-related stress and anxiety.
3. Help you keep track where all your money is going.

# WHY BUDGET?



Budgets are a necessity to take control of personal spending, saving, and debt.



Living beyond your means is a dangerous practice.



Many individuals don't realize they are overspending until they are deeply in debt.



Credit cards and easy access to funds make it easier to be mindless about spending.



The absence of a budget is one of the greatest contributors to stress about money matters.



# INCOME VS. EXPENSES

**INCOME** is defined as the money you receive on a regular basis.

**EXPENSES** are defined as the charge or cost of something.



**CAN YOU PROVIDE EXAMPLES OF EACH?**

# FIXED VS. VARIABLE EXPENSES

## **FIXED EXPENSES**

are expenses that do not change from month to month

**FLEXIBLE EXPENSES** are expenses that may change month to month.



**CAN YOU PROVIDE EXAMPLES OF EACH?**

# SETTING FINANCIAL GOALS

Before creating a budget, you need to understand your personal goals.

## WHEN SETTING YOUR SHORT & LONG TERM GOALS....



### Be realistic.

A student working part-time is not likely to be able to afford a new car every couple of years.



### Have a timeframe.

“I want to save \$5,000 for a down payment to buy a car within the next 18 months.”



### Be specific.

“I want to save \$5,000 for a down payment to buy a car.”



### State the action to be taken.

“I want to save \$5,000 for a down payment to buy a car within the next 18 months. I will start depositing \$280 into a savings account each month until I reach my goal.”



# STARTING TO BUDGET

Develop a plan:  
**what are your  
financial goals?**

Determine all  
sources of income.

Determine all  
expenses, fixed and  
variable.

Identify plan in case  
of emergencies.

Track all your  
spending to ensure  
you stay within your  
budget.

Research ways to  
decrease spending.

Research ways to  
increase income.

Revisit and update  
your budget as  
needed.

# CUSTOMIZING YOUR BUDGET

List and add all your sources of income for one month:

Wages  
from  
job(s)



Rental  
income



Interest  
income/  
Dividend  
income



Child  
support  
and/or  
Alimony  
Income



Other  
sources of  
income  
(family  
support?)



# CUSTOMIZING YOUR BUDGET

Next, list all your expenses for one month.

- Savings (Pay Yourself First)
- Mortgage/Rent
- Utilities
- Auto Expense/Other  
Transportation
- Groceries/Eating Out
- Insurance (auto, medical,  
home)
- Medical Expenses  
(out-of-pocket)
- Entertainment/Recreation
- Child Care
- Credit Card Payments
- Clothing/Shoes
- Household/Personal Care  
Products
- Miscellaneous

# BUDGET-WRECKERS

Emergencies

The \$1,100 Cup of Coffee

UNUSED/UNNECESSARY  
monthly services

Impulse purchases

Improper use of credit cards

