

## Budgeting Made Easy



*This budget is designed for those who are new to budgeting and looking for an easy way to keep from overspending. This should be the first step in building your financial plan, because you'll never get ahead if you're always spending more than you make.*

I used to think, "If I just made more money," or "If only I could win the lottery," but the truth is, there are people who make millions of dollars at their jobs, and people who have won the lottery, that still end up filing for bankruptcy. It's not about how much money you have. It's how you use it.

So, here's a super simple, bare bones budget outline, that helped me plan how to spend my money, before it ever got into my hands. I tried waiting until the money was already there, but I kept putting off budgeting to go to concerts or hang out with friends, and by the time I got around to doing the budget, I didn't have enough money left to cover all of my needs. So, I started planning my budget a week or two before I knew my paycheck would hit the bank. On that same note, it's much easier to make the budget than to stick to it. But every time I bypass my budget, I end up spending more than I have. And, it's the obvious outcome, if you think about it. How would I know if I'm overspending, if I don't even know how much I have to spend?

<sigh> "If I just made more money."

The cool part is, once you've established the budget, you just need to make little tweaks here and there, but the hard part is done. It might seem a bit overwhelming (or just downright boring) at first, but if you go step by step, it's really quite simple and, once it's done, you don't have to think about it anymore! Works for me, certainly much better than stressing out every time I pull out my credit card thinking "can I afford this?"

## Budget Outline

**Step 1** – Write down all the bills/expenses you pay each month (see worksheet below). This includes rent, gasoline, groceries/toiletries, electricity, gas, phone, cable, insurance or any other bills and monthly expenses.

**Step 2** – Separate the list from step one into two lists (see worksheets below). The first list should contain all bills/expenses you typically pay with the first paycheck of the month (anything due between now and the day before your next paycheck.) The second list should contain all bills/expenses you typically pay with the second paycheck of the month (anything due between now and the day before your next paycheck).

*(HELPFUL HINT: For groceries/toiletries and gasoline, or bills you can't pay on one check, split the entire cost from the monthly worksheet in half and put that amount on each of the "separate lists.")*

*(HELPFUL HINT: Write the "due" dates on the envelope of each of your bills and stack them in order, with the first due on top and so on. This makes it much easier to remember when you need to pay what. If you don't get bills in the mail anymore, thanks to online pay services, then make a list of your bills in order of when each is due and write the "due" date for each.)*

**Step 3** – At the bottom of each list, write down the amount of your typical paycheck (if it varies, use your best estimate, but try to estimate low. If your paycheck is typically \$500-\$550, then write down \$500. This way, if your check is more than \$500, you have a little extra, but if it's only \$500, you can still cover all of the expenses in your budget. (Always try to plan for worst-case.)

**Step 4** – For each list, total your expenses/bills, then subtract that number from the amount of your paycheck. The left-over amount should be split between savings and discretionary spending. Decide on an amount for savings that you will put away every paycheck. This amount should never change - you should treat it like a bill! Even if you can only put \$5 per month away, PUT IT AWAY! Believe me, it will make a difference. What's left is discretionary money - your play money. Spend it how you want, because expenses are covered. If a bill or other expense is more than budgeted for, you'll have to lower your discretionary amount to cover it.

## Worksheet #1

Write down all the bills/expenses you pay each month

### MONTHLY EXPENSES

Mortgage/Rent \$ \_\_\_\_\_

Groceries/Toiletries \$ \_\_\_\_\_

Gasoline \$ \_\_\_\_\_

Electricity \$ \_\_\_\_\_

Gas Bill \$ \_\_\_\_\_

Phone Bill \$ \_\_\_\_\_

Cable Bill \$ \_\_\_\_\_

Insurance Bill \$ \_\_\_\_\_

Credit Card Bill(s) \$ \_\_\_\_\_

**Total Monthly Expenses** \$ \_\_\_\_\_

**Total Monthly Income** \$ \_\_\_\_\_

(Subtract Total Monthly Expenses from Total Monthly Income and enter on Income Minus Expenses)

**Income Minus Expenses** \$ \_\_\_\_\_

## Worksheet #2

Separate the list from step one into two lists

### FIRST PAYCHECK

Mortgage/Rent \$ \_\_\_\_\_

Groceries/Toiletries \$ \_\_\_\_\_

Gasoline \$ \_\_\_\_\_

Electricity \$ \_\_\_\_\_

Gas Bill \$ \_\_\_\_\_

**Total Expenses** \$ \_\_\_\_\_

**Paycheck Amount** \$ \_\_\_\_\_

**Paycheck - Expenses** \$ \_\_\_\_\_  
(paycheck minus expenses)

Savings \$ \_\_\_\_\_

Discretionary \$ \_\_\_\_\_

(Total of savings and discretionary should equal  
"paycheck minus expenses")

### SECOND PAYCHECK

Groceries/Toiletries \$ \_\_\_\_\_

Phone Bill \$ \_\_\_\_\_

Cable Bill \$ \_\_\_\_\_

Insurance Bill \$ \_\_\_\_\_

Credit Card Bill(s) \$ \_\_\_\_\_

**Total Expenses** \$ \_\_\_\_\_

**Paycheck Amount** \$ \_\_\_\_\_

**Paycheck - Expenses** \$ \_\_\_\_\_  
(paycheck minus expenses)

Savings \$ \_\_\_\_\_

Discretionary \$ \_\_\_\_\_

(Total of savings and discretionary should equal  
"paycheck minus expenses")

## HELPFUL HINTS

1. Try to over budget for groceries and gasoline, since the amount will vary. If you're under budget, you've got extra for discretionary or savings! But, don't use that money for other things, until you're sure you've got what you need to get through until the next check!

***I learned this one the hard way! I budget for two weeks at a time, because I get paid every two weeks, so I budgeted \$125 per week for groceries. The first week, it only cost \$75! I was stoked! I immediately went out and blew the extra 50 bucks without a care in the world! But the next week, my grocery bill came to \$150. Now I was over budget by \$25! If I hadn't spent the "extra" 50 bucks, I would have been fine!***

2. For groceries/toiletries and gasoline, or bills you can't pay on one check, split the entire cost from the monthly worksheet in half and put that amount on each of the "separate lists."

***Example: When I first started budgeting, the majority of my first paycheck each month was spent on rent, plus other bills that had to be paid, so I didn't have enough money left to get all the groceries or gasoline I needed. But, I didn't have to spend as much on my second paycheck. So I started saving half of the money I needed from my second paycheck, which meant I only had to come up with half of the rent on my first paycheck! This made it much easier to pay the rent and bills, while still being able to eat!***

3. Write the "due" dates on the envelope of each bill and stack them in order, with the first due on top. This makes it much easier to remember when you need to pay them. If you don't get bills in the mail anymore, thanks to online pay services, make a list, in order of when each is due, and write the "due" date for each. Put the bills or list of bills in a consistent place, so you know where they are.

4. Pay bills only when you get a paycheck and only pay the ones that are due between that date and the date of your next paycheck.

5. Create a new budget for every paycheck. The template you fill out will make it easier, because a lot of it may stay the same, but you have to adjust it each time, to be sure you don't overspend.

***Example: I used to stick with the same budget every month, but when it was time for an oil change (which only happens every three months) I realized I hadn't budgeted it in, because it's not a monthly expense. I had enough money, but since I stuck with my generic budget, I forgot about it, and spent the money as discretionary instead.***

6. Always round up. If I have a bill that is \$128.00, I'll put it in my register as \$130.00. Over time, those dollars add up, so if I make a mistake, I have a cushion of money in my account, and I'm less likely to be overdrawn.