

# Budgeting

## Do you...

Wonder where your money goes every month?

Have financial goals for the future, like going on vacation, buying a car or a house?

## Risks to consider in not having a budget

Overspending on “wants” and not meeting your financial goals

Makes it difficult to plan for a major purchase

Steps to creating a budget—it’s easy

### STEP 1

Track your expenses for the next 30 days.

- Write down everything you purchase on a daily basis—include meals out, shopping, daily coffee, etc. Be sure to include the little things. They add up. See an example of a spending tracker below.
- Identify needs vs. wants. Remember, the things we need in life are basic: food, shelter and clothing. For students, you might add books, supplies, tuition and fees to the needs list. Once you’ve completed the tracker, you’ll learn more about your spending patterns and the information will help you create a budget.

Tip: Small purchases can break a budget. A spending tracker will show the habits you may not be aware of. For example, you may discover you’re eating too many meals out.

### STEP 2

Create a monthly budget (use the worksheet on the reverse side).

- Income: List your monthly income using information from your paycheck stubs, student loans, tips, etc.
- Expenses: Record your expenses using information from your spending tracker, bank and credit card statements, etc.

### STEP 3

Do the math—compare income vs. expenses.

If you have more income than expenses, now is the time to start saving or increase the amount you’re saving.

If you have more expenses than income, carefully review your expenses. Make adjustments where you can, particularly in the wants area of your expenses. At a minimum, get your expenses in line with your income, and if possible, start saving.

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# Monthly budget worksheet

| Monthly income                |           |
|-------------------------------|-----------|
| Take-home pay                 | \$        |
| Student loans / financial aid | \$        |
| Tips                          | \$        |
| Parents / allowance           | \$        |
| Interest and dividends        | \$        |
| Savings                       | \$        |
| Other income                  | \$        |
| <b>Total income</b>           | <b>\$</b> |

| Monthly expenses             |           |
|------------------------------|-----------|
| Rent/mortgage                | \$        |
| Insurance                    | \$        |
| Loan payments                | \$        |
| Tuition and other fees       | \$        |
| Utilities                    | \$        |
| Cell phone / Internet access | \$        |
| Groceries                    | \$        |
| Transportation               | \$        |
| Laundry                      | \$        |
| Personal products            | \$        |
| Pets                         | \$        |
| Clothing                     | \$        |
| Credit card payments         | \$        |
| Meals out / entertainment    | \$        |
| Household                    | \$        |
| Gifts                        | \$        |
| Other expenses               | \$        |
| <b>Total expenses</b>        | <b>\$</b> |

|                                     |           |
|-------------------------------------|-----------|
| Total income                        | \$        |
| Minus total expenses                | \$        |
| <b>Equals extra or needed funds</b> | <b>\$</b> |

## ABOUT ECMC

Educational Credit Management Corporation (ECMC) is a nonprofit company providing services in support of higher education finance. We work to support college access and success, and we provide students with tools and resources for planning and paying for college. The ECMC Personal Finance Management Series is designed to help you make informed decisions about your financial future.