



## **Preparing Your First Budget**

A budget is generally thought of as a rigid plan on how you can spend your money. While this is true, you may want to think of it as a “household spending analysis.” That does not sound so tedious and it better implies how you can use it to build a solid financial foundation and feel more in control of your finances.

### **Why is it important?**

Generally speaking, a spending analysis will enable you to understand where your money comes from and where it goes. With that understanding, you will be in a better position to make informed financial decisions, to monitor your spending and to potentially identify ways to spend less on some items so you have more to spend on more important things or to save.

### **Components of a spending analysis**

Going through the effort to prepare a completely accurate analysis can be difficult and time consuming. The more specific you can get the better, but do not let the thought of preparing an analysis keep you from trying. On the next page is a form that can help.

**Monthly Household Spending Worksheet -- Date Prepared \_\_\_\_\_**

<b>Monthly Expenses</b>	<b>Current</b>	<b>Goal</b>	<b>Comments or Observations</b>
Savings	\$	\$	
<b>Housing Expenses</b>			
• Mortgage payments or rent	\$	\$	
• Property taxes	\$	\$	
• Maintenance or repairs	\$	\$	
• Utilities (gas/water/electricity)	\$	\$	
• Telephone/cable/Internet	\$	\$	
• Housekeeping, laundry	\$	\$	
• Other housing expenses	\$	\$	
<b>Transportation Expenses</b>			
• Car loan or lease payments	\$	\$	
• Fuel, maintenance, repairs	\$	\$	
• Auto insurance	\$	\$	
• Public transportation	\$	\$	
• Other transportation expenses	\$	\$	
<b>Food &amp; Entertainment Expenses</b>			
• Groceries	\$	\$	
• Restaurants	\$	\$	
• Sports, hobbies, pastimes	\$	\$	
• Books, magazines	\$	\$	
• Vacations	\$	\$	
• Other	\$	\$	
<b>Health Care Expenses</b>			
• Doctors, dentists, etc.	\$	\$	
• Prescriptions	\$	\$	
• Health insurance	\$	\$	
• Other health care expenses	\$	\$	
<b>Family Expenses</b>			
• Schools, colleges	\$	\$	
• Child care	\$	\$	
• Alimony and child support	\$	\$	
• Other family expenses	\$	\$	
<b>Other Expenses</b>			
• Clothing, shoes, etc.	\$	\$	
• Charitable contributions	\$	\$	
• Gifts, birthdays, holidays	\$	\$	
• Pets, veterinarian expenses	\$	\$	
• Paying off debts or credit cards	\$	\$	
• Life and disability insurance	\$	\$	
• Walking around money	\$	\$	
• Other	\$	\$	
Taxes	\$	\$	
Social Security	\$	\$	
Federal, state, local taxes	\$	\$	
<b>Total Expenses</b>	<b>\$</b>	<b>\$</b>	

As you start filling in the blanks in the worksheet, think about how much control you have over your expenses. Things like rent, taxes and insurance are probably pretty well set. Other expenses, like food, entertainment, and gifts are more controllable. Just by thinking about these items, you may be able to find ways to spend less and save more. If nothing else, you can make judgments about which expenses are most important to you.

Finally, it makes sense to go through this exercise on a regular basis. By analyzing your expenses every year, you will be able to see how your spending patterns are changing and you will feel more in control of your financial future.