



BUDGETING: THE BASICS

WHAT IS A BUDGET?

A budget is a money management tool that is used to help you plan your spending to ensure that you don't spend more money than you have.

- ▶ A budget lists in detail your expected income and expenses for a given time period.
- ▶ Typically, budgets track your spending and income for each month but you can use any time period that works for you.

WHAT ARE THE BENEFITS OF A BUDGET?

- ▶ A budget can help make the most of your money... no matter how much money you have.

1. Gives you a clear picture of your finances

- ▶ A good budget gives you an overview of how much money you have coming in each month.
- ▶ A good budget gives you an overview of how much money you have going out each month.
- ▶ A good budget gives you an overview of where your money is being spent.

2. Helps you make good spending decisions as you move forward

- ▶ You may notice areas where you're spending more money than you thought.
 - Then you can plan ways to save money in those areas.
- ▶ You may notice areas where you should plan to spend more money

3. Helps you avoid unnecessary debt

- ▶ If you aren't able to pay all your bills every month and you begin to rack up interest and late payment charges, you will end up paying more money than you have to, putting an even bigger strain on your limited financial resources.
- ▶ If you budget your money so you have enough money to pay your bills on time each month, you will save money in the long run.
- ▶ A good budget can help you to plan ahead so you don't have to use credit to pay for expected expenses which will also save you a lot of money in interest charges.

4. Helps you plan your saving so you can reach your financial goals

- ▶ A budget can help you pay down debt, save for large purchases or build up an emergency fund.
- ▶ It will help you stay on track and stay motivated to meet your goals, perhaps even sooner than you expect.

5. Gives you peace of mind

- ▶ A budget helps you to know how much money you have and how much you have available to spend.
- ▶ Rest easy knowing you're spending your money wisely and making the most of each dollar you earn.
- ▶ If you budget well and stick to it, you shouldn't need to worry about big expenses or accumulating and paying off unnecessary debt.