



Creating a Budget

A 2013 Gallup poll found that only 32% of Americans have a monthly budget. The 68% that don't are missing out on the ability to:

- Plan out their finances so they can make and meet goals
- Improve control on frivolous spending
- Save more money every month

It's not hard to do and it can only help your financial situation.

What You Need to Get Started

- Financial statements for the past 6 months so you can determine averages
- List of all your sources of income
- List of your monthly expenses, both fixed and variable
- A spreadsheet

Crunching the Numbers

The Bureau of Labor Statistics suggests you should use the following guidelines:

- Mortgage is less than 58% of income
- Utilities are less than 21% of income
- Household furnishings and equipment are less than 9.2% of income

As for food, that tends to vary between 5 and 15% of income. Transportation costs also vary, but the average cost is estimated to be 60.8 cents per mile. If you drive 15,000 miles per year, that comes out to \$9,122.

Now you're ready to start your spreadsheet:

| Month goes here | Budget | Actual | Difference |
|------------------------|---------------|---------------|-------------------|
|------------------------|---------------|---------------|-------------------|

Home

Rent/Mortgage
Electric & utilities
Cable
Phone
Groceries

Automotive

Car loan/lease payment
Gas
Maintenance
Parking/tolls

Health

Medicine
Insurance (if not through employer)
Appointments

Education

Tuition
Student loans
Books
Supplies

Entertainment

Restaurants
Activities
Games/toys
Sports

Debts

Credit card fees
Credit card payments

Other loan payments

Savings goal

Income

TOTAL

You can also access the spreadsheet [here](#).

How to Save More Money

If you're behind or want to save a little more every month, you can try the following:

- Pay yourself first – have money taken out of your paycheck and automatically deposited into a [savings account](#) so you're less tempted to spend it.
- Save the change – store all your loose change in a jar and use a coin machine to cash in when it's full.
- Save more at home – you can [check out this guide](#) for ways to save money around the house.

Following your budget will also allow you to save money in the long term, so remember to stick with it!