



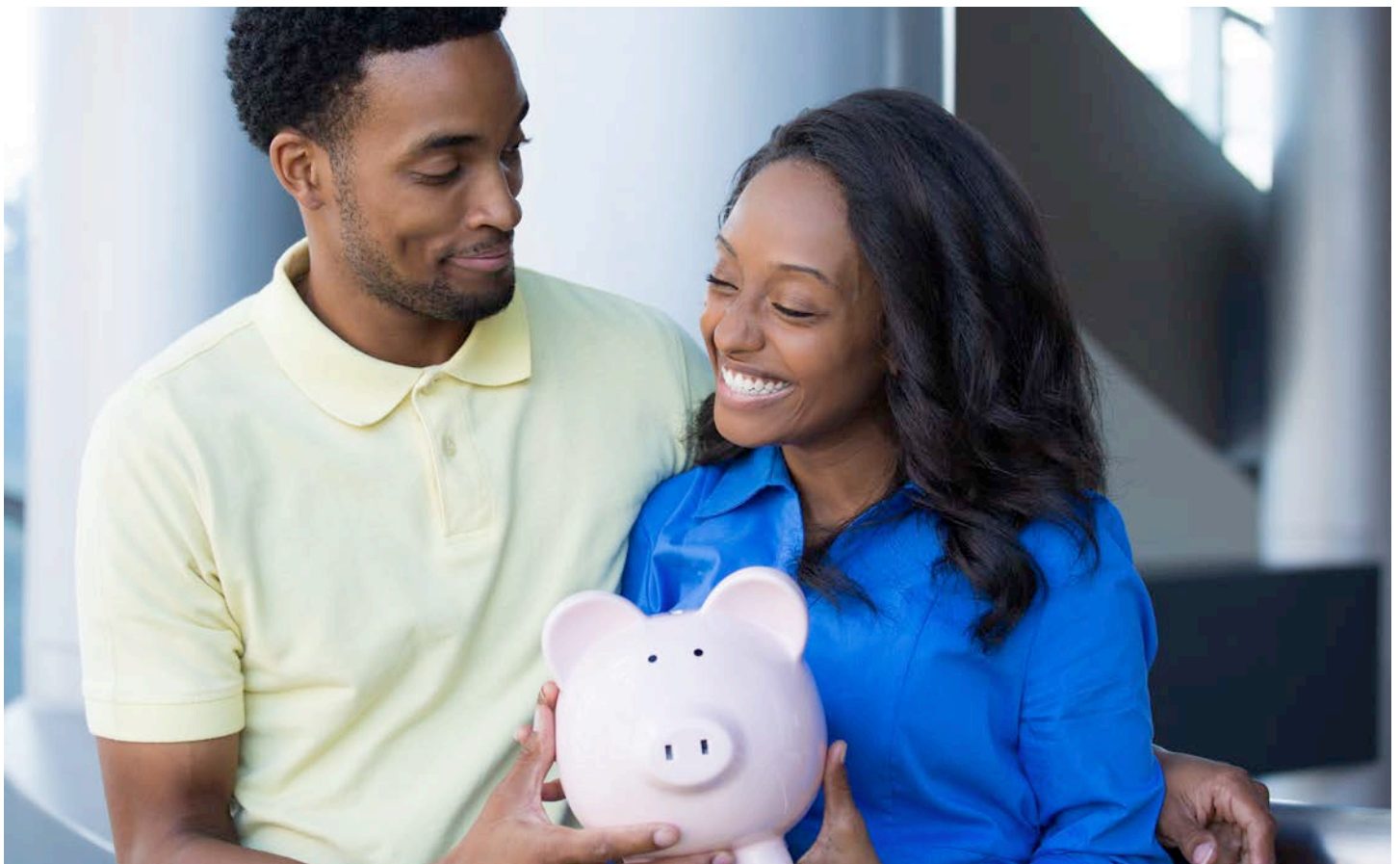
Consumer Education Services Inc.

#CESIChallenge Series

Budgeting Made Easy

A Step-by-Step Guide

This guide was created to help you regain control of your finances with a budget you can live by.



#CESIChallenge Series – Show your finances who’s boss with our interactive edition of free budgeting tables that you can put into action today. Let’s build your budget together!

Budgeting Can Be Easy



Do you avoid the dreaded “budget” because it feels difficult? Sure, creating a budget can be a big undertaking. But without one, it’s easy to lose track of spending and before you know it, you’re accumulating credit card debt. We’ve created this guide with two purposes:

- **To help you create a successful budget and use it**
- **To give you proven strategies for avoiding too much debt**

Making the most of your money can be tough, but without a budget, it is nearly impossible.

Budgeting can be easy if you have the right tools and guidelines. There’s never a better time than now to learn how to create and live within a budget. The more you put off the budgeting process, the more debt you stand to accumulate.

If you don’t learn to manage your money now, the headaches your debts create may stay with you for a long time.

Why Budget?



You need to budget in order to be financially successful.

Let's face it – budgeting isn't exactly at the top of anyone's list of things they want to do. However, while you may not want to budget, you need to budget in order to be financially successful. **Accurate budgeting keeps you on track with your finances and helps you save money over the long-term.** With a good budget, you can know exactly where your money is going and help ensure your income is used effectively.

This guide is intended to help you make traditional budgeting as fast, easy and convenient as possible. Traditional budgeting uses pen and paper or can be done on your computer using customized spreadsheets that you set up yourself, as opposed to relying on a budgeting program or software to help you organize the information.

Getting Started



The hardest part of making a budget is getting it set up initially. After that, you only need to review your budget regularly to make sure you are on the right track and adjust the numbers as needed when there is a change in your income or expenses.

To make setting up your budget easy, you should have the following things on hand:

- Past three (3) months of bank account statements
- Most recent loan statements (mortgage, auto loan, student loans, etc.)
- Most recent credit card statements
- Calculator

Totaling Up Expenses



You need three months of bank account statements because this allows you to get an accurate picture of household expenses that don't have a defined amount, such as food and gas. You can take an average of your spending over a three-month period to get a clearer idea of what you typically spend.

Look over your bank statements and start categorizing your transactions. There is no one right way to categorize everything, so you can be as general or as specific as you need to be. For example, some people put all food expenses together while others divide it up by groceries and dining out so they have a better idea of what eating out is costing.

Categorize all the transactions from the past three months of your bank statements.

Defining Your Expenses



Once you have your expenses totaled up, you can start building your budget by defining your monthly expenditures into three expense categories:

- 1 Fixed Expenses.** These are expenditures that are the same every month, so you know exactly how much they cost. They include things like mortgage payments or rent, HOA payments, car payments, student loan payments, and insurance.
- 2 Flexible Expenses.** These are things that you must spend money on each month, but that don't have a fixed cost. This category includes bills, such as your utility bills, cable, credit cards, phone service, as well as necessary expenditures, such as groceries, household supplies, gas and other transportation costs.
- 3 Discretionary Expenses.** These expenses are things you spend money on every month, but that you don't necessarily need to survive. This category includes things like dining out, entertainment, events (concerts, sporting events), personal care (salon, barber), hobbies and crafts, magazine/newspaper subscriptions and charitable donations.

You also need to calculate your total monthly income. This may include your wages, a partner's wages, child support and alimony, social security or veteran's benefits, pensions and government assistance.

Dividing your expenses this way will make it easier to use and adjust your budget as needed once you have it in place. For example, if you need to cut back on spending, you can easily review your discretionary expenses to find things you can cut to free up additional cash flow.

How Much Should I Be Spending?



Every household and financial situation is different, so there's no one right answer to exactly how much money you should spend each month on each type of expense. **However, you can use the following percentage ranges as a general guideline:**

EXPENSE	PERCENTAGE
Housing	30%
Transportation	15% - 17%
Food (groceries/dining out)	13% - 15%
Savings	10%
Non-housing debt payments	5% - 10%
Utilities	8%
Medical/Health	5%

Savings may vary depending on your financial goals, but it should be a regular part of every budget. Ideally, you should define how much money you want to save each month and include that amount as a fixed expense in your budget. Treating savings this way helps ensure you actually save money, instead of relying on whatever you have left over at the end of each month.



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Budgeting Worksheets

Now it's time to put this budget together! The following budgeting worksheets can be printed or you can type right into them. Let's walk through each of the categories together.

Income

Note: If you receive income that is not on a monthly payment schedule, you should use your calculator to determine the monthly amount you receive in each income category.

Income Source	Monthly Income
Your Wages	\$
Partner's Wages	\$
Additional Wages	\$
Child Support	\$
Alimony	\$
Social Security Benefits	\$
Veteran's Benefits	\$
Disability Payments	\$
Structured Settlement Payments	\$
Annuity Payments	\$
Other	\$
Other	\$
Other	\$
Total Income:	\$

Fixed Expenses

Note: This budget worksheet includes savings as a fixed expense. If you do not know the set amount you have available to save, you can leave this row blank and fill it in once you have determined how much money you have available for savings each month.

Expenses	Monthly Payment
Mortgage/Rent	\$
Real Estate Taxes	\$
Homeowner's Insurance	\$
HOA Fees	\$
Auto Loan/Lease	\$
Car Insurance	\$
Alimony/Child Support	\$
Medical Insurance (Private)	\$
Savings	\$
Other	\$
Other	\$
Other	\$
Total Fixed Expenses:	\$

Flexible Expenses

Note: This worksheet has two columns so you can set limits on spending in these categories. For each category, take the average of the past 3 months of activity and use that as your average monthly cost. If you need to adjust your budget to balance your expenses with your income, you may wish to return to this worksheet and set spending goals.

Expense	Average Monthly Cost	Spending Goal
Telephone Bill	\$	\$
Power Bill (Electric, Gas, Oil)	\$	\$
Cable/Satellite/Bill	\$	\$
Water Bill	\$	\$
Credit Card Debt Payments	\$	\$
Gas (Automotive)	\$	\$
Tolls/Transportation Fees	\$	\$
Groceries/Household	\$	\$
Clothing	\$	\$
Dry Cleaning/Laundry	\$	\$
Day Care	\$	\$
Tuition/School Supplies	\$	\$
Pets	\$	\$
Other	\$	\$
Other	\$	\$
Other	\$	\$
Other	\$	\$
Total Flexible Expenses	\$	\$

Discretionary Expenses

Note: These can also be known as your “fun” expenses since they include entertainment and other monthly expenses you don’t need. **This could be your biggest opportunity to save money** so be honest with yourself about what you’re currently spending to determine where you can cut back.

Expense	Average Monthly Cost	Spending Goal
Dining Out	\$	\$
Recreational Activities	\$	\$
Movies/Theatre	\$	\$
Concerts/Sporting Events	\$	\$
Magazine/Newspaper	\$	\$
Personal Care (Salon/Barber)	\$	\$
Fitness/Gym Membership	\$	\$
Hobbies	\$	\$
Clubs/Team Fees	\$	\$
Fundraisers/Charity	\$	\$
Other	\$	\$
Other	\$	\$
Other	\$	\$
Other	\$	\$
Other	\$	\$
Total Discretionary Expenses	\$	\$

Adjusting Your Budgeted Expenses

Note: Once you have all of the numbers in order in each of the worksheets, total everything up to make sure you are not overspending. If your expenses exceed your income, go back and adjust the spending goals on your flexible and discretionary expenses to make everything work.

Once you have an idea of how much available cash flow you have each month, make a determination of how much money you can save. If you have not filled in the savings line on your budget worksheets, you can calculate your savings goals and enter that now.

Category	Total
Total Monthly Income	\$
Total Fixed Expenses	-\$
Total Flexible Expenses	-\$
Total Discretionary Expenses	-\$
BUDGET TOTAL	\$

Using Your Budget Consistently

Now that you have your budget in place, you should review your expenses regularly to make sure you are on track. At the end of each month, total up your expenses into the same categories you used on the worksheets and compare your actual spending to the goal.

See budget table on the next page.

Budget Table

Expense	Budgeted	Actual
Mortgage/Rent	\$	\$
Real Estate Taxes	\$	\$
Homeowner's Insurance	\$	\$
HOA Fees	\$	\$
Auto Loan/Lease	\$	\$
Car Insurance	\$	\$
Alimony/Child Support	\$	\$
Medical Insurance (Private)	\$	\$
Savings	\$	\$
Telephone Bill	\$	\$
Power Bill	\$	\$
Cable/Satellite Bill	\$	\$
Water Bill	\$	\$
Credit Card Debt Payments	\$	\$
Gas (Automotive)	\$	\$
Tolls/Transportation Fees	\$	\$
Groceries/Household	\$	\$
Clothing	\$	\$
Dry Cleaning/Laundry	\$	\$
Day Care	\$	\$
Tuition/School Supplies	\$	\$
Pets	\$	\$
Dining Out	\$	\$
Recreation Activities	\$	\$
Movies/Theatre	\$	\$
Concerts/Sporting Events	\$	\$
Magazine/Newspaper	\$	\$
Personal Care (Salon/Barber)	\$	\$
Fitness/Gym Membership	\$	\$
Hobbies	\$	\$
Fundraisers/Charity	\$	\$
Other	\$	\$
TOTAL:	\$	\$

Get Help with Managing Debt

We know that creating a budget can be hard. Especially when the numbers just aren't in your favor. A reduction in income, rising expenses, or mounting credit card debt can all be stressful and overwhelming. The good news is, there are resources to get you the help you need and you've already taken the first step by taking a good, hard look at your budget.

A certified counselor from a non-profit credit counseling agency can review all of your expenses and income in a free debt analysis. This will help us determine the best solution for your financial situation.

You may be eligible for a **Debt Management Plan (DMP)**. A DMP is a program to help pay unsecured debts off with the help of a credit counseling agency. Your benefits may include:

- **Consolidation into one monthly payment**
- **Elimination of late and over-the-limit fees**
- **Lower interest rates**
- **Pay off debt faster**
- **Ongoing financial education and support**

Take the Next Step Today

Get control of your debt and create a budget that works for you!
Let us help you get and stay out of debt.

Talk to a Certified Counselor For Free Today
We're available Monday - Friday from 9am to 9pm EST

Call 855-507-6452

CESISolutions.org

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And share your [#CESIChallenge](https://twitter.com/CESIChallenge) story and any budgeting tips you have.

