



**"Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver."** Ayn Rand

Who needs a budget? Everyone does, no matter how much or how little money you have. At first thought you may believe that a budget is all about restricting your spending or cutting out all of your fun, but this is not the case. Budgets put us in control of our finances. A budget helps us understand how much money we have, and where it goes each month. For a successful budget, keep it simple, make it personal, keep it flexible, and keep a positive attitude. ([extensionuidaho.edu](http://extensionuidaho.edu))

To begin a budget you first need to know how much disposable income you have. Identify all of your money sources and the amounts each month:

Wages, tips, child support, tanf, social security, unemployment etc.

Now you need to identify and track your monthly expenses, it helps if you have tracked all spending for an entire month to see where each dollar is going. If you use a checkbook or debit card you can look at your bank statement and see where each dollar goes. If you use cash keep your receipts for a month and really watch where your money is going. You could also use a spending journal, have a notebook and write down every dollar spent and what it was spent on. This can often have a secondary benefit of helping to stop impulse spending or purchases of unnecessary items.

Go to [www.extension.uidaho.edu/personalfinance/money101](http://www.extension.uidaho.edu/personalfinance/money101) and enter the above information for your family. (On the website it will do all of the math for you). (If you have an expense or income not listed write it in.)

Once you have your information in the worksheet, you will see if you need to cut back in some area, how much money you could put away into a savings each month, or if you need to have more income to pay expenses.

As you are doing this, take the time to look at expenses as needs or wants. Maybe there are wants that are not necessary that you could cut back on or maybe even cut out completely. You can also use the attached monthly Budget Worksheet to help look at how you can adjust spending to better fit the amount of income you have.

Once you see your full budget you can give every dollar in your account or pay check a job. There are many different ways to do this. One way is to use the envelope system; this is very inexpensive and easy way to track expenses. To do this have one envelope for each monthly expense. Write on the envelope how much money there is and what category of your budget it is. Example: Rent \$600. When you take money out of the envelope replace it with the receipt for what you purchased. (See above website for further explanation)

You may also want to just keep all receipts for the month and write on each one what it was and what category it fell into.

You can also use a notebook or journal to write down all of the money you pay out in a month.

The University of Idaho extension website mentioned above also has a worksheet you can track your expenses on each month and it does the math for you.

As you give each dollar a job, make sure that you are following your budget and putting enough in for each set monthly expense. Also be sure to allow a reasonable amount for each variable monthly expense and refrain from borrowing from one pot of money, or envelope to increase another ones amount. For example if you set \$150 a month for groceries and \$20 a month to eat out do not borrow from the \$150 to eat out more. Once that \$20 is gone, no more eating out for the month. Make a plan and stick to it.

After setting up your budget, enjoy the freedom of feeling in control of your finances by knowing exactly how much you have coming in and where it is all going each month.

[www.themint.org](http://www.themint.org)   [www.extension.uidaho.edu/personalfinance/money101](http://www.extension.uidaho.edu/personalfinance/money101)