

## *Budget Building and You: How to Make a Budget Plan that Works for You*

It is that time of year again, tax season is over and it is time to start planning for that long awaited vacation or that second car. Building a budget plan can be tedious and time consuming; especially when following it through. However, with proper budget building, goal setting and financial analysis, a proper budget plan can help you and your family on the road to financial success. Getting started is not all that difficult and in the long run is worth the amount of time you devote to it.

### **Some helpful things to consider before building a budget include:**

- Setting a goal. A goal can be anything so long as it is realistic, achievable within your means, and is of special significance to yourself and your family. It gives you something to work for and puts your new budget and hard earned cash to good use.
- Write it down. It is the first step in changing thought into action and making your money work for you instead of the other way around. There are some online budget spreads that can be used or you can even use Excel or Quicken.
  - Some free online budget spreadsheets can be found at the following websites.
    - National Foundation for Credit Counseling (NFCC) offers a printable version that can also be found in Spanish. Furthermore, they offer budget spread sheets according to what goals you are budgeting for.  
<http://www.nfcc.org/financialeducation/monthlyincome.cfm>
    - Budget Worksheets.org offers some online ones that automatically input the calculations and also offer a variety of different sheets according to your family make up.  
<http://www.budgetworksheets.org/>
- Talking it out and reaching a mutual understanding with family members. It is near impossible to win at a game with only half the players participating and the same can be said with budgeting.
- Get your partner involved, get the kids involved. By having everyone on the same page, you can work together as a team to obtain your long term goals.

### **Alright, now you have a goal and a general idea of what a budget looks like, what next?:**

- The next step is not very difficult to do. All you need to do is gather up all the data concerning your income and see what the accumulation of all these items are worth.
- Once you have the sum of your income, the next part is to figure out where exactly you spend your money. There are two divisions within this category.
  - The first category in spending is the money that you are obligated to pay each month. This includes items such as rent, utilities, car payments and other such bills.

- The second area where you spend your money is typically to help improve the quality of living, such as dinner outings, gifts, or a new movie.
- When making different categories for your spreadsheet, remember that while it is important to have divisions for groceries, bills and gas, it is also imperative to include a miscellaneous or entertainment column. If a budget is so austere that it takes the joy out of life, then it is not doing its intended purpose.

### **You finally have a budget, now how to obtain your goals?:**

- Planning. Now that you have taken note of where your finances are settled and you have a rough idea of what kind of goals you and your family desire, you have to manage your expenses and plan on how to reach your goals.
- This brings us to the next step. What expenses can be cut back in order to achieve your goals? Items such as credit card bills, rent and utilities are unavoidable; however, some purchases are unnecessary and can be divided into the “wants” category.
  - Recognizing the differences between “needs” and “wants” will go a long way in helping you save money. If you are honest with yourself, you may realize how some “needs” are really “wants” in disguise.
  - A good way to recognize what “needs” are really “wants” is by asking yourself the following questions.
    - “Can I live without this purchase?”
    - “Is this purchase only beneficial for the immediate future, or will it help in the months to come?”
    - Or don’t buy the purchase and see if you can really do without it for a couple of days just to be sure.
- Other great ways to save some extra money in your budget is to figure out cheaper alternatives and limit trips to the ATM to once in a while. One example of using a cheaper alternative is instead of driving to work by yourself, you could carpool and thus save on gas and tolls.
- Finally, after you have all your data together and found ways to save some extra money, do not forget to periodically check on your budget and make adjustments accordingly (inflation, unexpected expenses and bills, etc.)