

# Create an Effective Budget

While the idea of creating and sticking to a budget may sound daunting at first—the rewards are far reaching!

It's easy to think of a budget as restricting—stopping you from spending money the way you want. It's quite the opposite! Budgeting gives you the ability to spend your money the way you want!! A good budget will help you:

- Ensure there's still money left for needs at the end of the month
- Prevent frustration
- Pay bills on time
- Prevent overdraft fees
- Pay off debt
- Build savings
- Build your credit score

**Budgeting is  
telling your money  
where to go—  
instead of wondering  
where it went!**



# Gather the Numbers

## Step 1

Determine how much money you have coming in:

Gather paystubs—determine NET pay

- The amount you receive after taxes & other deductions

Consider other sources of income:

- Examples: investments, cash income & child support

Determine how much money you have going out:

- Keep track of your spending—ALL of it!

For the sake of discovering where you're spending your money, keeping a spending log is recommended. A minimum of two weeks is suggested, but an entire month usually picks up the majority of spending habits.

A small notebook, kept readily available or note on a smart phone can make this task less of a hassle. It's important to capture every expense, from car tires to vending machine purchases.

Also write down larger expected expenses. Vehicle maintenance, insurance payments, property taxes, holiday and travel expenses are some typical larger expenses.

# Gather the Numbers

## Additional Considerations

### Break larger expenses down monthly:

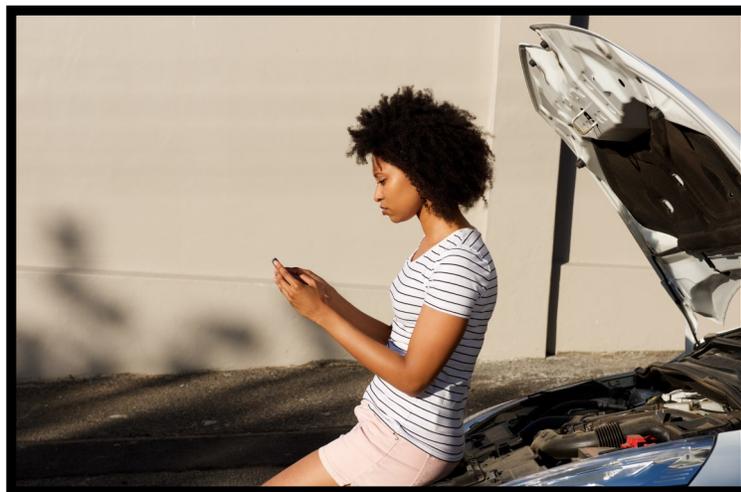
Breaking larger expenses down into monthly expenses can make them more manageable. For example, a Redbrand CU sub-account (savings) can help you set money aside for a specific purpose. For instance, property taxes. If someone owes a total of \$2,400 in property taxes, they can deposit \$200/month into an account specifically for this purpose. If you start in the middle of the year, you'll want to make sure you either start with a beginning balance or increase the monthly contribution with enough to reach your goal.

Redbrand Credit Union Christmas and Vacation Club Accounts help save money for extra holiday and vacation expenses!

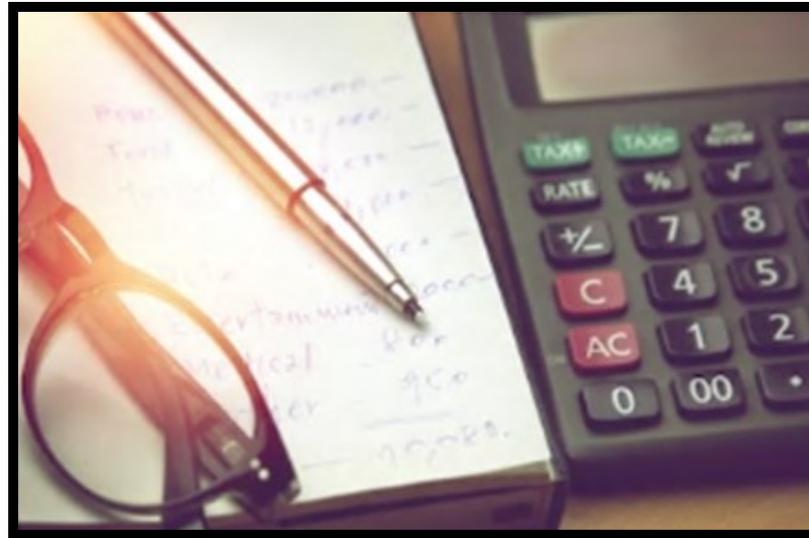
### Build an emergency fund:

Having an emergency fund gives you comfort in knowing you are prepared for life's unknowns. You never know when an unexpected medical expense, HVAC repair or car wreck may happen.

While many recommend an emergency fund of 6 months salary, this may not be ideal for everyone. For instance, for those trying to get out of debt, it wouldn't make sense to have that much cash on hand while paying interest. -Dave Ramsey



# Balance Your Budget



## Crunch the Numbers:

1. Total your monthly income.
2. Total your monthly expenses, including ALL expenses.
3. Subtract total expenses from total income.
4. Adjust to reach a balanced budget. If there are more expenses than income, consider where you can cutback expenses. If there is extra income, consider putting that towards paying down debt or towards savings.

Note: A google search will help provide you with a number of tools to help in your budgeting journey. Worksheets can be particularly helpful in breaking everything down.

# Revisit Your Budget Regularly

## A budget is only effective if it's used!

Check yourself and make sure that you're staying on track...

Throughout the month, check and make sure your on track; adjust accordingly.

Consider tools such as worksheets/smartphone apps to help simplify this task.

Revisit your budget regularly. As humans, we grow and change. It's important to bring an effective budget along!



**“Beware of little expenses. A small leak will sink a great ship.”**

**-Benjamin Franklin**

# Financial Freedom



**“Financial freedom is available to those who learn about it and work for it.”**

**-Robert Kiyosaki**