

Designing Your Budget

Budgeting is needed to get the most “mileage” out of your income.

It is your “road map”
for managing your money.

Planning your spending is called Budgeting.

Smart investing@your library® Series

This initiative is administered jointly by the Reference and User Services Association - a division of the American Library Association - and the FINRA Investor Education Foundation. The program funds library efforts to provide patrons with effective, unbiased financial education resources.



Martin County Cooperative
Extension Service

Analyze Your Paycheck

Paycheck belongs to _____

\$_____ Monthly **GROSS PAY**
(the highest amount before items are
subtracted from it)

..... CALCULATING NET PAY

Gross \$_____ x .15% (or greater)
= Taxes \$ _____
*15% (or higher tax bracket) will be taken
out of your paycheck for taxes.

List other items coming out of your
paycheck (for example: savings, social security,
insurance, child support, etc.):

type _____ \$ _____

type _____ \$ _____

type _____ \$ _____

type _____ \$ _____

type _____ \$ _____

TOTAL OTHER ITEMS \$ _____

Gross \$ _____

- Taxes \$ _____

- Other Items \$ _____

= NET PAY \$ _____

*This dollar figure is what you can base your
monthly budget on - try not to go over it!*

..... CALCULATING HOURLY

Gross \$ _____

-/- divided by the number of
hours worked per month _____

(for example: 40 hours per week x 4 weeks in a
month = 160 hrs.)

= HOURLY RATE \$ _____

Monthly Income

Your Net Pay	\$ _____
Spouse's Net Pay	\$ _____
Pension Income	\$ _____
Social Security Income	\$ _____
Alimony Received	\$ _____
Child Support Received	\$ _____
Second (or Side) Job	\$ _____
Food Stamps	\$ _____
Average Monthly Bonus	\$ _____
Commissions	\$ _____
Tips	\$ _____
Investment Earnings	\$ _____
Rental Income	\$ _____

MONTHLY TOTAL \$ _____

*Use this Total Monthly Income figure
to work out your **Budget** for the month.*

The objectives of a Budget are to:

- organize your spending
- see exactly where you are in terms of current income, outgo and trim excess spending
- stop the dribbling away of your money in ways that don't meet your financial goals and
- keep an annual record of all tax deductions.

To prepare your Budget, it may help realize that your expenses can be divided into the following three categories (Fixed, Flexible and Periodic).

FIXED - expenses that do not change from month to month (example: home and car payments).

FLEXIBLE - For example, the cost of electricity goes up in the summer when you use air conditioning. Your credit card bill will vary, depending on what you charge. Do you pay your bill in full each month or do you only pay the minimum? Making only minimum payments can lead to paying lots of interest.

PERIODIC - expenses that come only once or twice a year. To determine how best to budget for

such annual or semi-annual expenses as insurance premiums, property taxes and income taxes. Divide your total cost for the year by 12, and set aside that amount each month. Planning ahead and putting money in a savings account, helps ensure that you'll be able to pay these bills when they come due.



Call companies that bill you quarterly or semi-annually and ask instead for a "monthly" payment schedule.

- I already did:
- I plan to do by date: _____

Company _____
 Company _____
 Company _____

Include in your budget some money for savings to help provide for emergencies and unexpected expenses. Unplanned expenses do occur.



Keep at least \$500 in a savings account as an emergency fund (ex. unexpected car repair). If you can, develop an emergency plan saving 3 months worth of budget expenses.

- I already did:
- I plan to do by date: _____

Review page 5 "**Types of expenses you may have**" to help you design your Monthly Budget. After evaluating your financial situation, you now know how much money you have coming in and going out. It is time to look for spending leaks and ways to more efficiently manage your income. I'm spending too much on:



I need to spend more on:

Make Your Budget Work

It is important that each family member be involved in discussing and planning the family budget since it effects everyone. Develop a draft of your Budget. Add categories to the form - make it personal! There can never be a standard form, because everyone has different bills, due dates and expenses. So do the best you can charting out when and how much you owe each month. **Pay your bills ahead of time, and never skip one month and pay the next - always pay something to everyone every month.**

If possible, try to stretch your bills out evenly over the month so that you are paying out approximately the same amount, and that there is no week when all of your money is needed for bills.



Call creditors to request a change of your "due date" to help your monthly payment schedule.

- I already did:
- I plan to do by date: _____

Company _____
 Company _____
 Company _____

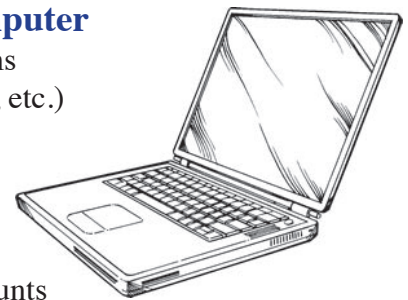
Budgeting doesn't always mean reducing spending. There may be categories you'd like to increase. For example, **you may want to raise your monthly payments towards credit card debt.** Try your plan for a month or two. If you find you have left things out or miscalculated, make adjustments.

After testing your plan try to stick to it. You will soon feel in control of your spending and will make progress toward your goals.

Use Your Computer

Software programs (such as Quicken, etc.) are available for:

- budget charts
- databases
- spreadsheets
- checking accounts
- business billing & office management



Types of expenses you may have



1. Housing

- Property taxes
- Property Assessments
- Insurance - Property or Renters
- Yard / Association Maintenance Fee
- Household purchases and supplies
- House cleaning and household help
- Home improvements (remodeling)
- Appliances (purchase, repair)

2. Food

- Groceries
- Non-food (cleaning, paper supplies, etc.)
- Restaurant
- Lunches: Work and Children's
- Pets
- Warehouse club or food co-op membership

3. Clothing

- Adult and Children's purchases
- Dry cleaning
- Laundromat

4. Transportation

- Lease or car loan payments
- Insurance
- Fuel
- Maintenance
- Bus pass, Taxi, SunPass

5. Dependent care

- Day care
- Baby sitter
- Summer programs
- Support of relatives / others

6. Education

- Tuition and fees
- Adult education
- Children's instructional lessons
- College savings

7. Health Care

- Regular checkups, immunizations
- Health insurance (by payroll deduction?)
- Medicines
- Dental care
- Eye care, glasses
- Pet care

8. Insurance

- Auto
- Disability
- Health
- Homeowners
- Life

9. Recreation & Entertainment

- Professional or club memberships
- Children's club memberships
- Magazine / newspaper subscriptions
- Personal care / hair cuts
- Vacations and travel
- Hobbies
- Movies and video rentals

10. Gifts & Donations

- Adults' and children's allowances
- Religious affiliation
- Gifts - children, others
- Charitable contributions

11. Consumer credit

- Personal loans
- Debt reduction
- Credit Cards - MC, Visa, Discover, etc.
- Gas cards
- Department store

12. Retirement plans

- (not those automatically deducted from your salary)
- IRA / ROTH IRA
- Savings Bonds

13. Taxes

- Federal income tax
- Self-employed tax payments

14. Other

- Investment (for long-term goals)
- Petty cash, Allowance
- Cigarettes

Keep your important papers organized in a file cabinet or box!

Bills To Be Paid

Make more copies of this blank page to be able to list all your bills, loans, charge cards, utilities, etc.

Creditor _____
Address _____
City _____ State ____ Zip _____
Customer Service () _____
Account # _____
Note: _____
Type of debt: __ credit card __ household
 __ loan __ insurance __ medical

Creditor _____
Address _____
City _____ State ____ Zip _____
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Account # _____
Note: _____
Type of debt: __ credit card __ household
 __ loan __ insurance __ medical

In case of emergency or death, a family member or personal representative will need information to pay monthly bills or notify them that someone had died. Write down the mailing address where the payment is sent.

Creditor _____
Address _____
City _____ State ____ Zip _____
Customer Service () _____
Account # _____
Note: _____
Type of debt: __ credit card __ household
 __ loan __ insurance __ medical

Creditor _____
Address _____
City _____ State ____ Zip _____
Customer Service () _____
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Address _____
City _____ State ____ Zip _____
Customer Service () _____
Account # _____
Note: _____
Type of debt: __ credit card __ household
 __ loan __ insurance __ medical

BILLS TO PAY THIS WEEK

Date ___ / ___ / ___

BILLS TO PAY THIS WEEK

Date ___ / ___ / ___

INCOME

Balance from last week _____
 Your Net Pay _____
 Spouse's Net Pay _____
 Child Support / Alimony _____
 Social Security _____
 Pension _____
 Food Stamps / TANF _____
 Bonus, Tips, Commission _____
 Other _____

TOTAL INCOME _____

EXPENSES	\$ Amount	Ck#
Savings (emergency fund)	_____	_____
Rent / Mortgage	_____	_____
Food	_____	_____
Child Support / Alimony	_____	_____
Child Care	_____	_____
Allowances	_____	_____
Electric / Gas / Water	_____	_____
Phone / Cell phone	_____	_____
Clothing	_____	_____
Medical / Dental	_____	_____
Cable TV	_____	_____
Transportation	_____	_____
Loan	_____	_____
Credit Card	_____	_____
TOTAL EXPENSES	_____	_____

Total Income \$ _____

minus Total Expenses \$ _____

BALANCE \$ _____

INCOME

Balance from last week _____
 Your Net Pay _____
 Spouse's Net Pay _____
 Child Support / Alimony _____
 Social Security _____
 Pension _____
 Food Stamps / TANF _____
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TOTAL INCOME _____

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Food	_____	_____
Child Support / Alimony	_____	_____
Child Care	_____	_____
Allowances	_____	_____
Electric / Gas / Water	_____	_____
Phone / Cell phone	_____	_____
Clothing	_____	_____
Medical / Dental	_____	_____
Cable TV	_____	_____
Transportation	_____	_____
Loan	_____	_____
Credit Card	_____	_____
TOTAL EXPENSES	_____	_____

Total Income \$ _____

minus Total Expenses \$ _____

BALANCE \$ _____

- Make copies of this page. Always keep this blank set handy to make any changes or to make more copies for the next year too. Write in specific names of companies to remind you of your household bills.
- If you need to have a company send a bill at a specific week of the month to help your budget schedule, please call them and request a billing date change.
- Check the date when each of your bills has to be paid. Be sure to mail any bills at least a week before they are due so the post office can get it there in time.

Suggestion: Make enough blank copies of the different forms to use throughout the year and put them into a 3-ring binder. Great for record keeping!

Martin County's Smart investing@your library® Series:

- 1 - Your Financial Fitness**
- 2 - Designing Your Budget**
- 3 - Banking Basics**
- 4 - Establishing Credit**
- 5 - Credit & Identity Theft**
- 6 - Controlling Debt**
- 7 - Tips for Daily Savings**
- 8 - Saving for the Future**

Credits:

❑ This booklet was designed by Chris Kilbride, University of Florida - Martin County Cooperative Extension Service for the Martin County Library System's **Smart investing@your library® Series**.

For details about Smart investing@your library®, visit

<http://www.smartinvesting.ala.org>

To learn more about the Martin County Library System, visit

<http://www.library.martin.fl.us>

❑ We would like to acknowledge the original educational outreach material **“Decisions for Independent Living Life Skills Training: Budgeting”** designed by Chris Kilbride, University of Florida - Martin County Cooperative Extension Service. This issue was part of an educational series which won a Dean Don Felker Financial Management National Award from the Florida Association of Family & Consumer Sciences.

❑ The mission of the FINRA Investor Education Foundation, a nonprofit organization, is to provide underserved Americans with the knowledge, skills and tools necessary for financial success throughout life. The FINRA Foundation envisions a society characterized by universal financial literacy.

For more information and financial literacy resources, visit:

<http://www.finrafoundation.org>