

Budgeting—Managing the “Ins” and the “Outs”



The first step in getting yourself ready for financial success is making a budget.

What is a budget?

A budget is simple—it lists your income (the “Ins” or the money you make) and expenses (the “Outs” or the money you spend). Using this Guide, you will document your current budget. Then you will set targets for your spending that will help you reach your financial goals. Next you can read some good ideas about how to achieve these targets and goals. Then, you can work on the plan for how to get where you want to be, using the Future Budget worksheet on page 30.

Why budget?

- **Keep Track of Your Spending**—If you’re the kind of person who sometimes finds that you’ve spent all the money you’ve earned, but you’re not really sure where it really went, a budget can help you “follow the money.”
- **Plan for the Future**—When you set targets for your budget, such as cutting spending in certain places, you can help build your savings and/or pay back your debt. All the routes to your financial goals start at the same place—a budget that’s realistic and leaves you money to pay all your bills with something to set aside for your goals or a rainy day.

How to Start Budgeting

If even the word “budget” sounds heavy—like “diet” or “studying,” think of the time you spend worrying about money or thinking about things that you can’t afford to do! That’s what weighs you down. Budgeting is about figuring out what you have and what you want and need. It’s about you taking charge and setting your own priorities—making your own choices.

The first step on the road to financial empowerment is taking a careful look in the mirror and figuring out what your current financial situation is. Turn the page to get started.



Budget Checklist:

Here’s what you’ll need to put together your budget on the next pages

- A pencil (with an eraser!) is best.
- A calculator
- Your bills (water, electric, etc.) and receipts, as many as you can find, for the past 3 to 6 months
- Your pay stubs, or other records of money you’ve received (pension, alimony, food stamps, etc.) for the past 3 to 6 months
- Receipts or bills from the past year that show how much you spent on one-time purchases, such as vacations, tuition, or hospital bills.
- Your checking account or prepaid card statements for the past 3 to 6 months.
- Your most recent credit card statements, if you have credit cards.

Gather together as much of this information as you can easily find, and let’s get to work!