

### **How to Write a Basic Personal Budget**

Whether you want to travel, change jobs, or even open your own business, an organized, written budget creates a sense of importance and formality to your plans. Grab a pen, paper and calculator. Following these five steps can get you started:

**Step 1:** Start by writing down all your income. Do not enter anything that is not certain, such as side jobs and possible overtime at work. If taxes aren't already taken out of your earnings by your employer, remember that will reduce your total earnings. Only include what you are sure will come in every month.

**Step 2:** Many of us have debts, such as credit card payments, student loans and medical bills. Subtract the monthly payments of those from your total income.

**Step 3:** Next, write out all your known living expenses. This list will include your rent or mortgage, car payment, phone bills, insurance payments and all utilities for which you are responsible. Also, think about any other living expenses that may come up periodically, such as groceries, gasoline, clothing, and home maintenance, then write them down.

**Step 4:** Savings are often overlooked, but are very important. Always make sure you set something aside for unseen emergencies or large purchases. A good goal is at least 10% of your income, but as much as you can is ok for now.

**Step 5:** If your expenses exceed your income or your budget is very tight, begin trimming as many living expenses as possible. You may have to make some tough choices, but starting with these steps will help you keep your finances on track.