

## **Let's talk about Budgets!**

Ever wonder how money slips through your hands, without really knowing where it went? It happens all the time.

The best way to face this, head on, is to put together a simple budget (I like simple) and to track your spending. This way, you can see where all your money is going!

A budget is simply a plan, which documents all your expenses, fixed and variable, along with your income. It's your budget and nobody else's.

First things first. How much money do you bring home every month? I'm not talking about your gross income, I'm talking about your NET check, after all the deductions and taxes are taken out. Got that figure? Great, let's move on to the expenses...

Let's start with fixed expenses, such as car payment, car insurance, cell phone and rent/mortgage. Those payments don't generally change from month to month.

Now, let's talk about your variable expenses, such as your utilities, gas for your car and groceries. Next, let's look at discretionary expenses. This may include clothing, entertainment or gifts. Let's not forget savings!! Although some may say this is a discretionary expense, I would call this a fixed expense!

**One of the top money habits of the wealthy is they pay themselves first, every single month, automatically. In fact, I would suggest you pay yourself first, before you pay your bills! If you don't, the savings just won't happen.**

Let's look at a typical budget statement...

	Monthly Budget	Monthly Actual	Difference
<b>INCOME</b>			
Net salary			
Interest/Dividends			
Other income			
<b>Income subtotal</b>			
<b>FIXED EXPENSES</b>			
Savings			
Rent/Mortgage			
Phone			
Car payment			
Health insurance			
Car insurance			
Debt (credit cards)			
Other fixed expenses			
<b>VARIABLE EXPENSES</b>			
Groceries			
Utilities			
Gas for car			
Car repairs			
Education			
Haircut			
Sundries			
TV/Cable			
Other variable expenses			
<b>DISCRETIONARY EXPENSES</b>			
Dining out			
Clothes			
Gifts			
Furniture			
Entertainment			
Books/Magazines			
Charity			
<b>Total Expenses</b>			
<b>Net Income (Income less all expenses)</b>			

I mentioned the importance of tracking your spending. I would suggest you track your spending for one month, at least. You will probably be very surprised at how much you spend on fast food and other frivolous items. Here is a sample spending tracker. Use this as a template and keep in your purse or wallet. If you want, track **everything** in your cell phone.

### Daily spending tracker...

Date	What bought	How much \$\$	Why did I buy

Don't worry if you fall short of if the spending plan doesn't work the first time. The important point here is to get started! Make changes and update as needed.

Budgets are an important part of your financial freedom! Get in the habit today of understanding where your money is going and exactly what is coming in.

