

The Frugal
CREDITNISTA

BUDGETING: **A NEW YOU!**

WORKBOOK



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BUDGETING: A NEW YOU WORKBOOK

Make this year a prosperous one with the help of this budgeting guide.

THE BENEFITS OF BUDGETING

Making a budget plan and sticking to it need not be dreary. You can still have fun!

A stable financial situation translates into a sense of accomplishment, better relationships, a better work experience, and rock steadiness – a wonderful quality to possess in times of change and upheaval.

TAKING CONTROL

It takes self-discipline to take charge of your finances, but it can be done. Instead of trying to change challenging circumstances over which you have no control, such as higher taxes or economic recession, take charge of your own circumstances and change your life.

DETERMINE YOUR FINANCIAL GOALS

The first step to creating a budget plan is to determine your financial goals and identify those that are most important. You'll know they're important if you're willing to go the extra mile to achieve them.

SHARED GOALS

If you live in a family, it's likely that family members share financial goals. Discuss these with your family and analyze the methods you use to achieve these goals for effectiveness.

Here's a worksheet to help you pinpoint your important financial goals. These could be anything from buying a new home to paying off debt.

Goal 1: _____

Goal 2: _____

Goal 3: _____

Goal 4: _____

Goal 5: _____

Goal 6: _____

YOUR CURRENT SITUATION

This step requires you to understand how money comes in and goes out. Filling out the worksheet below will show you how to save more money and why there's a shortfall every month. Keeping an account of your expenses for a couple of weeks or a month will help you track your money accurately.

MONTHLY INCOME

Include income from all family members who contribute toward payment of the monthly expenses.

| TYPE OF INCOME | MONTHLY AMOUNT |
|---------------------------------|----------------|
| "Take home" monthly salary | |
| Self-employment income | |
| Child support, alimony | |
| Bonuses/Commissions | |
| Rental income | |
| Interest, dividends | |
| Social Security, pension income | |
| Other | |
| Payroll savings (auto deposit) | |
| TOTAL NET MONTHLY INCOME | |

MONTHLY EXPENSES

| TYPE OF INCOME | MONTHLY AMOUNT |
|-------------------------------|----------------|
| Mortgage or rent | |
| 2nd mortgage/equity loan | |
| Other loans | |
| Credit card payments | |
| Property tax/association fees | |
| Home maintenance | |
| Heat/fuel | |
| Electricity | |
| Telephone/Cell phones | |
| Internet | |
| Water/sewage | |
| Trash | |
| Groceries/household goods | |
| Meals out/lunches | |
| Child support | |
| Child care | |
| Vehicle payment/lease | |
| Gasoline/tolls/parking | |

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| TYPE OF INCOME | MONTHLY AMOUNT |
|--|----------------|
| Car maintenance | |
| Car insurance | |
| Public transportation | |
| Home owners/renter's insurance | |
| Life insurance | |
| Health insurance | |
| Disability or accident insurance | |
| Medical expenses (out-of-pocket) | |
| Dental/eye care expenses (out-of-pocket) | |
| Laundry/dry cleaning | |
| Clothing | |
| Trash | |
| Cable/DVDs | |
| Entertainment/hobbies | |
| Gaming (lottery, casinos, etc.) | |
| Tobacco | |
| Alcohol | |
| Drugs/prescriptions | |
| Gifts/major/other | |
| Contributions/donations | |

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| TYPE OF INCOME | MONTHLY AMOUNT |
|-----------------------------------|----------------|
| Health & beauty | |
| Pets/veterinarian | |
| Licenses/dues | |
| Vacation/travel | |
| Lessons/tuition | |
| Kids' allowance | |
| Health club | |
| Emergency fund | |
| Other expenses | |
| TOTAL NET MONTHLY EXPENSES | |

SEASONAL AND UNEXPECTED EXPENSES

Remember to include property taxes, insurance, and more that come up once a year. Divide the yearly amount by 12 to get the monthly amount. Similarly, quarterly expenses can be divided by three to get the monthly allotment. In addition, be prepared to dole out extra cash for unexpected expenses like car repairs.

FUN MONEY AND SHORT TERM BUDGETING

You'll also want to budget for fun stuff like entertainment, parties, birthdays, and major holidays.

OBSTACLES TO YOUR FINANCIAL GOALS

There could be many obstacles on the journey to your financial goals. Identify these and eliminate negative habits and behaviors. If addiction is your challenge, look to the free counseling most companies offer. Don't be afraid to plunge into new situations if required and save enough cash to cover three to six months of expenses.

What are possible obstacles to my financial goals?

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How can I overcome these obstacles?

BUDGETING AS A HOUSEHOLD

Managing finances as a household could be an obstacle as others are involved. Your aim should be to get everyone to cooperate and work towards shared financial goals without imposing your will on them.

PLAN YOUR BUDGET AND STICK TO IT

Make use of your worksheets to plan your budget. If others are involved, show them how your calculations contribute to your shared goals and the methods all of you will use to get there. You could also seek the help of a financial counselor. Free counseling is often available where you work.

BE SPECIFIC

Be clear about exactly how you're going to save a particular amount. Also, pay particular attention to the little expenses that can accumulate and unbalance your budget.

AVOID TEMPTATION

Avoid the temptation of credit cards which leads you to spend money you don't have. Use credit cards only when necessary and be aware of the legalities involved when you sign up for them. Read the fine print before taking out a credit card or loan.

TRACK YOUR PROGRESS

It's important to track your expenses at the end of each month. If you find your financial goals are causing too much stress, change them.

BUY GIFTS YEAR-ROUND WHEN ON SALE

You can save a lot of cash and effort if you buy gifts whenever you can from sales and have them ready for special occasions.

This is your year! Gain confidence and take great strides toward the life you desire with a workable, effective budget.