

Back to budget basics

Needs vs. wants

Now that you know where your money is going, you can decide what you really *need* versus what you just *want*. First, put your spending into one of the three categories below:

- **Fixed essential expenses**
Necessary expenses that are the same every month. This includes your mortgage or rent, car payments, student loans and insurance.
- **Variable essential expenses**
Necessary monthly expenses that might cost a little bit more or a little bit less each month. This includes things like gas, groceries, utilities and cell phone bills.
- **Non-essential expenses**
The other things you don't necessarily *need* for living, such as eating out, going to the movies, daily trips to a coffee shop, or a treat while checking out at the grocery store.

Look back at your *Expense Tracker Worksheet* from last week to categorize your spending.

Balancing your budget

Use the *Balanced Budget Worksheet* on the next page to help you get started with a budget.

1. Start with your fixed essential expenses since these don't change.
2. Next look at your variable expenses by reviewing your billing statements to track utilities, credit card, and cell phone costs to determine your average spending.
3. Move on to your non-essential expenses. Of course the non-essential expenses can be the things that make life fun, so don't cut everything out, just cut down. Start by making a list of what's most important to you. That will make it easier to decide what to keep and what you can cut out.



Take Action

Name: _____

Brainstorm ways you can modify one or two variable essential expenses. For example, "Instead of wandering aisles at the grocery store, I will only shop from a grocery list."

Describe how you can modify or cut out a few of your non-essential expenses. For example, "I will bring lunch from home 4 days of the work week and will only go out on Fridays."

Balanced Budget Worksheet



This Balanced Budget Worksheet is a great tool to help you with your financial fitness. You don't have to turn in this worksheet – it's for you to use at home.

HOUSING

Rent/Mortgage Payment \$ _____
 Gas/Electric \$ _____
 Home Owner/Renter Insurance \$ _____
 Home Repairs (emergency fund) \$ _____

FAMILY

Childcare \$ _____
 Activities \$ _____
 Child Support/Alimony \$ _____
 Allowances \$ _____

TRANSPORTATION

Car Payment \$ _____
 Car Insurance \$ _____
 Public Transit/Parking \$ _____

Car Maintenance (emergency fund) \$ _____

FOOD

Groceries \$ _____
 Eating Out \$ _____

PERSONAL HEALTH

Health/Life/Disability Insurance \$ _____
 Fitness Center Membership \$ _____
 Doctor/Dentist Visits \$ _____
 Clothing \$ _____
 Prescriptions \$ _____
 Other Toiletries \$ _____

MISCELLANEOUS

Credit Card Payment \$ _____
 Student Loans \$ _____
 Savings (to set aside) \$ _____
 Charitable Giving \$ _____

OTHER EXPENSES

_____ \$ _____
 _____ \$ _____
 _____ \$ _____
 _____ \$ _____
 _____ \$ _____