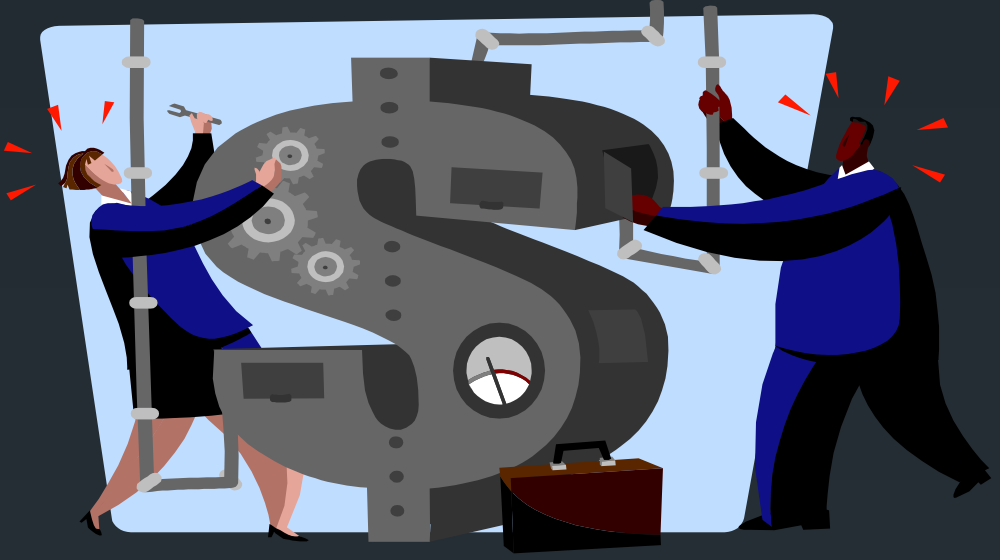

Your 10 Step Guide to Creating a Household Budget

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Why Should You Create a Household Budget?

- Know where your money is going
- Direct where your money should be spent
- Provide information at spending decision point
- Find ways to stretch your income
- Achieve financial goals
- Increase giving and savings
- Prioritize spending
- **Success breeds success and continued motivation!**

Image Credit

Steps to Budget Creation

1. Find Your Motivation
2. Identify Your Financial Goals
3. Analyze Spending
4. Categorize Your Expenses
5. Review Income Sources
6. Tabulate Income vs. Expenses
7. Correct Overspending Areas
8. Increase Income Streams
9. Prioritize and Execute Financial Goals
10. Measure Your Progress and Write New Goals

Step # 1

Find Your Motivation

- You're **Sick** of being broke
- You're **Frustrated** not knowing where your money goes
- Undisciplined spending has **Delayed** financial goals
- **You are Ready** for a "doable" solution now
- You are ready to **Take Back Control**

Step # 2

Identify Your Financial Goals

- Payoff debt
- Emergency Fund
- Develop an Investment Portfolio
- Nice Vacation
- Real Estate Purchase

Step # 3

Analyze Spending

- Track 2-3 months of past spending
- Segregate Variable vs. Fixed Expenses
  - Fixed Expense-same quantity each time
  - Variable Expense-different quantity or timing
  - Use Average or Highest for Variable Expenses
  - Anticipate increases to Fixed Expenses
- Choose a tool to use for recording
  - Personal Budget Spreadsheet Link
  - Family Budget Spreadsheet Link
  - Budgeting Software
    - Free – Mint.com
      dsBudget - http://sites.google.com/site/dsbudgethome/
    - Paid-YNAB.COM; Quicken.com

At the Start

- Keep, file, or scan key receipts and bills
- Record expenditures when they occur

Ongoing

Step # 4

Categorize Your Expenses

-Group like expenses under a single expense type

-Note Expense Frequency

- Giving / Charities
- Savings
- Mortgage / Rent
- Food
- Medical
- Transportation
- Utilities
- Insurances
- Telecommunications
- Household Repair

Step # 5

Review Income Sources

SOURCES

- Salary
- Alimony
- Child Support Payments
- Rental Properties
- Dividends
- Gifts
- Bequests
- Inheritances

FREQUENCY

- Weekly
- Monthly
- Semi-Monthly
- Quarterly
- Annually

Step # 6

Tabulate and Summarize Income vs. Expenses

Income List

- Salaries
- Rental Income
- Investment Portfolio
- Annuities
- 401K/403B
- Extra Job(s)

Expense List

- Giving / Charities
- Savings
- Mortgage / Rent
- Food
- Medical
- Transportation
- Utilities
- Insurances
- Tele Communications
- Household Repair

Income > Expenses = Good

Income < Expenses = Bad

Step # 7

Correct Overspending Areas

- For each category identify where you are consistently overspending
- Is there a repetitive pattern?
- Try to think of the reasons why you overspend in this area
- Is there a way to reduce or eliminate the expense?
- Be more aware of your triggers and avoid situations where temptation generally prevails
- Seek great advice

Step # 8

Increase Income Streams

- Talk to your boss about a raise
- Get a second job
- Launch a second career
- Start an entrepreneurship
- Increase your business contacts through networking

Step # 9

Prioritize & Execute Financial Goals

- Define your financial goals
- Write your goals down: include “what” & “when”
- Map out a timeline from your present position
- Write out the steps you must take to move toward your goals
- Choose the top two or three you want to achieve first
- Revisit your written goals minimum monthly
- Get STARTED!

Step # 10

Measure Your Progress & Write New Goals

- Review achievements so far and the time it took to get there
- Even if it's longer than you expected, personal congratulations are in order for goals achieved
- Stay around people who help motivate you, or whom you can motivate
- Re-evaluate and write new goals
- Think in time ranges: 6 months, 12 months, 24 months, 36 months

Excel 2007 or Later

FREE

Resources for Excel Spreadsheets and Printable Paper & Pencil Budget

If you prefer a hardcopy budget which you can write on and touch and feel, here are some links to firm family and personal budget spreadsheets

You can also download Excel budget spreadsheets for Personal or Household Use

- Microsoft Personal Budget Worksheet
- Year by Month Personal Budget
- Budget by Month for the Entire Year
- Multi-layered Workbook with a budget spreadsheet per month

FREE

Resources for Those Who Prefer the efficiency of Budget Software

These sites offer a link to your online banking accounts. Your information can be downloaded into the software 24/7. You can be reviewing your actual spending vs. the spending plan as you go.

- www.mint.com
  - FEATURES:
    - Links to online bank and credit accounts
    - Graphs Income vs. Expenses
    - Automated expense categories
    - Alerts for spending over budget
    - Savings goal set up and tracking
    - Monitors accounts for suspicious charges
- dsBudget - http://sites.google.com/site/dsbudgethome/
  - FEATURES
    - Open Source Program
    - Does not contact the internet
    - Graphs Budget vs. Expenses
    - Remembers budget & expense categories
    - Pie chart by expense category

PAID

Resources for Those Who Prefer the efficiency of Budget Software

These sites offer a link to your online banking accounts. Your information can be downloaded into the software 24/7. You readily review your actual spending vs. the spending plan.

- YNAB – You Need A Budget
  - www.ynab.com
  - Links to online bank and credit accounts
  - Graphs Income vs. Expenses
  - Remembers expense categories
  - Shows an accumulation of funds as in the traditional envelope system
- Quicken
  - http://quicken.intuit.com/personal-finance-software/home-and-small-business.jsp
  - Combines of business and personal finance management in one spot
  - Creates a file you can hand your accountant to do your taxes
  - Robust reports - wide variety of formats
  - Laptop and online versions available
  - Aids investing

More Budget Examples

Personal Monthly Budget

Personal Monthly Budget

vertex42

http://www.vertex42.com/ExcelTemplates/personal-monthly-budget.html

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INCOME	Budget	Actual	Difference
Wages & Tips	2,000.00	2,000.00	-
Interest Income			-
Dividends			-
Gifts Received			-
Refunds/Reimbursements			-
Transfer From Savings			-
Other			-
Other			-
Total INCOME	2,000.00	2,000.00	-

HOME EXPENSES	Budget	Actual	Difference
Mortgage/Rent	1,100.00	1,100.00	-
Home/Rental Insurance	56.00	56.00	-
Electricity	50.00	67.00	(17.00)
Gas/Oil	43.00	52.00	(9.00)
Water/Sewer/Trash	7.00	7.00	-
Phone	25.00	25.00	-
Cable/Satellite	35.00	35.00	-
Internet	15.00	15.00	-
Furnishings/Appliances	0.00	150.00	(150.00)
Lawn/Garden	0.00	0.00	-
Maintenance/Supplies	50.00	20.00	30.00
Improvements	0.00	0.00	-

MONTHLY BUDGET SUMM	Budget	Actual	Difference
Total Income	2,000.00	2,000.00	0.00
Total Expenses	1,381.00	1,527.00	(146.00)
NET	619.00	473.00	(146.00)

DAILY LIVING	Budget	Actual	Difference
Groceries			-
Personal Supplies			-
Clothing			-
Cleaning			-
Education/Lessons			-
Dining/Eating Out			-
Salon/Barber			-
Pet Food			-
Other			-
Total DAILY LIVING	-	-	-

ENTERTAINMENT	Budget	Actual	Difference
Videos/DVDs			-
Music			-
Games			-
Rentals			-
Movies/Theater			-
Concerts/Plays			-

created by Vertex42.com http://www.vertex42.com/ExcelTemplates/personal-monthly-budget.html

Budget Examples

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Household Monthly Budget

Monthly Household Budget

vertex42

http://www.vertex42.com/ExcelTemplates/monthly-household-budget.html

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INCOME	Budget	Actual	Difference
Wages & Tips	2,000.00	2,000.00	-
Interest Income			-
Dividends			-
Gifts Received			-
Refunds/Reimbursements			-
Transfer from Savings			-
Other			-
Other			-
Total INCOME	2,000.00	2,000.00	-

MONTHLY BUDGET SUMMARY	Budget	Actual	Difference
Total Income	2,000.00	2,000.00	0.00
Total Expenses	1,345.00	1,486.00	(141.00)
NET	655.00	514.00	(141.00)

HOME EXPENSES	Budget	Actual	Difference
Mortgage/Rent	1,100.00	1,100.00	-
Electricity	50.00	67.00	(17.00)
Gas/Oil	43.00	52.00	(9.00)
Water/Sewer/Trash	7.00	7.00	-
Phone	25.00	25.00	-
Cable/Satellite	35.00	35.00	-
Internet	15.00	15.00	-
Furnishings/Appliances	0.00	150.00	(150.00)
Lawn/Garden	0.00	0.00	-
Home Supplies	20.00	15.00	5.00
Maintenance	50.00	20.00	30.00
Improvements	0.00	0.00	-
Other	0.00	0.00	-
otal HOME EXPENSES	1,345.00	1,486.00	(141.00)

DAILY LIVING	Budget	Actual	Difference
Groceries			-
Personal Supplies			-
Clothing			-
Cleaning Services			-
Dining/Eating Out			-

SAVINGS	Budget	Actual	Difference
Emergency Fund			-
Transfer to Savings			-
Retirement (401k, IRA)			-
Investments			-
College			-
Other			-
Total SAVINGS	-	-	-

OBLIGATIONS	Budget	Actual	Difference
Student Loan			-
Other Loan			-
Credit Card #1			-
Credit Card #2			-
Credit Card #3			-
Alimony/Child Support			-
Federal Taxes			-
State/Local Taxes			-
Legal Fees			-
Other			-
Total OBLIGATIONS	-	-	-

created by Vertex42.com

http://www.vertex42.com/ExcelTemplates/monthly-household-budget.html

Budget Examples

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Yearly Budget Planner

Yearly Budget Planner														
HELP													© 2010 Vertex42 LLC	
Starting Balance	0												Total	Avg
Total Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET (Income - Expenses)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Projected End Balance	0	0	0	0	0	0	0	0	0	0	0	0		
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total	Monthly Average
INCOME														
Wages & Tips													0	0
Interest Income													0	0
Dividends													0	0
Gifts Received													0	0
Refunds/Reimbursements													0	0
Financial Aid													0	0
Rental Income													0	0
INCOME-Other													0	0
Total INCOME	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TO SAVINGS														
Emergency Fund													0	0
Retirement Fund													0	0
College Fund													0	0

created by Vertex42.com http://www.vertex42.com/ExcelTemplates/money-management-template.html

Thanks So Very Much!

Shawn R McLeod is the President and CEO of 10 Talent Wealth, LLC. where we inspire and motivate Christian women with bible-centered tools and resources for improving financial literacy, reducing and eliminating debt, and increasing financial awareness.

10TW's ultimate goal is to help Christian Families have a greater impact in the world through building kingdom wealth, and increasing financial empowerment.

I hope you enjoyed this 10 Step Guide to creating a Household Budget. We appreciate you reading it through to the last page!

Please feel free to leave me a comment at our website: http://www.10TalentWealth.com/. I'd be excited to hear from you.

You can add us as a friend on our 10TW Fan Page.

We wish you great budgeting success!

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