ROBINS Financial CREDIT UNION

www.robinsfcu.org

Building Your First Budget

Why Budget?

A well-designed budget is the best way for you to reach your goals and achieve financial independence without having to sacrifice all of life's pleasures.

Budgeting means analyzing the income you have coming in, and then developing a reasonable plan for what goes out. Though your budget should be as unique as you are, there is a common rule: expenses should never exceed income. It should also be livable—flexible enough to allow for some changes, but not so loose as to be ineffective. Essentially, a budget is a tool to make the most out of your money. With it, you will be able to identify and eliminate wasteful spending while keeping and even adding to those expenses that are truly important to you.

Set Goals

Goals are important to all budgets. They are the final reward that encourages you to stick to your plan. To improve the odds that you will achieve your financial dreams, all your goals should have the same basic characteristics. In the words of author Paul J. Meyer, they should be S.M.A.R.T.:

- Specific
- Measurable
- Attainable
- Realistic
- Time-bound

Strive to keep your goals reasonable and reachable. Too modest and you may not have the desire to continue. Overly large and you can find yourself too discouraged to keep going.

Lastly, your aspirations should have a proposed end date. This will let you know how much you need to save each month and will help you keep your progress on track.

To record your goals and develop a savings plan for achieving them, complete the Financial Goals Worksheet on page 4.

Start Saving Now

So why do today what you can do tomorrow? Because waiting to save money until after you have paid all of your bills almost guarantees that you will put nothing aside. With money in a wallet or checking account, the urge to spend it often surpasses the desire to save it. However, by beginning with saving—depositing money into a savings account before or as other bills are paid—you can defeat the urge to postpone this very important task.

When you build your budget, you should be putting a fixed savings amount into your essential expenses. Why? Because your dreams—your goals—should take on as much importance to your budget as other necessary expenses.

Track Where It Goes

The last step to take before setting up your budget is to gain an accurate understanding of where you are spending your money every month. Ever wonder how the $40 ATM "fast cash" disappeared so quickly without any memory of where it went? An accurate budget depends on first being highly aware of every purchase you make.

There are several good methods you can use to track spending. However, when you begin the process, try to spend as you normally would. You can make adjustments based on your discoveries later.

- **Write it down.** Record your purchases using the Weekly Tracking Worksheet on page 5 or a small notebook. Make sure to note the date, item, and cost. Add up your spending at the end of the day and week. After several weeks of doing this, you will have a good idea of where and how you spend your cash.

- **Keep receipts.** Keeping receipts from each purchase you make and tallying them up at the end of the day is another method of tracking expenses. However, it won't be absolutely accurate if you make purchases where no receipt is given, such as a newspaper or soda from a machine.

© 2025 BALANCE / REV0525

- **Use plastic.** Using a debit card to track purchases gives you a handy electronic record of expenses.

- **Monitor ATM use.** While keeping tabs on how much cash you extract from the ATM won't help you with tracking all of your purchases, it will help you become aware of how often you go and how quickly you spend that cash. To make sure that you keep track of what you spend the cash on, keep your ATM receipt and write each of your purchases on the back of it.

- **Use expense tracking software.** Plugging your expenses into tracking software cuts down on paperwork and makes it easier to look at your past spending habits. Some software even links to your accounts and automatically imports checking account purchases.

Constructing Your Budget

What does a budget look like? Remember that a budget is nothing more than a spending and savings plan. You can create it with a pen and paper using the Essential and Discretionary Expenses Worksheet on page 7, or with a computer spreadsheet. Whatever shape it takes, your personal budget should include your income, expenses, and action items.

Income

Begin with income, as it will determine what you can afford to spend and save each month. Don't forget the primary rule of budgeting: expenses should always fit within earnings.

When completing the Monthly Income Chart on page 6, avoid overestimating your income. If you work overtime hours, include the extra income only if you are absolutely sure that it will continue. It is always best to use conservative figures for income. You may not be able to (or want to) work those hours in the future. Bonuses are also problematic when estimating income for the purposes of a budget – include them only if they are guaranteed.

It is better to have money left over than be caught not being able to meet your expenses.

How you calculate your monthly income will vary based on how often you receive the income, otherwise known as pay frequency. Depending on the type of income you may receive it weekly, bi-weekly (every two weeks) or monthly. If you receive income weekly, you will want to multiple the amount you receive by 4 (weeks) to arrive at the monthly amount, whereas if you receive income bi-weekly you should multiply it by 2 (weeks).

There are a few months throughout the year where you will receive more than 4 paychecks if paid weekly and more than 2 paychecks if paid bi-weekly due to the month being longer. Once you are in a steady job that you know you will be working in for the next year, it will be helpful to use the following calculations for monthly income. However, until you are in a steady job, it may be best not to count those extra paychecks in your monthly income calculations.

Weekly = paycheck amount x 52 pay periods throughout the year + 12 months in a year

Bi-Weekly = paycheck amount x 26 pay periods throughout the year + 12 months in a year

Expenses

When developing the expense section, you should have two columns to work with – one for what you have been spending your money on (using the tracking work you have already done) and the other for proposed spending.

List all of your expenses in the average per month column. Make sure you include everything.

Discretionary expenses are those that if you had to, you could live without. This is not to say they aren't important – they make life fun and interesting. However, they will probably be your focal point when determining where to make cuts. Reducing nonessential expenses may be your answer to saving for a more important goal.

Total your Essential and Discretionary expenses and then subtract the sum from your current income using the Bottom Line Worksheet. Are you over or under? If you find there is more going out than is coming in, don't panic. This realization may be the very call to action that you need to make positive budgetary changes.

The goal per month column is where you actively decide where you want your dollars to go each month. Using the average per month side as a guide, consider each expense carefully. If you are spending more than you are earning, some expenses will need to be reduced or cut. If you

are not spending more than you are earning, you may want to keep things as they are now or you may want to rearrange your spending to better suit your wants and needs (e.g., reduce your dining out costs so that you will have money to pay for a new streaming subscription). As long as you are spending less than you are earning and dedicate enough money to meet your needs, you can spend your cash however you want.

Your goals are of vital importance to your budget. Again, in the goals per month column, enter the amount you have earmarked for short-, mid-, and long-term goals. They are now an expense and you can "pay yourself" as you would any other important bill.

Action Items

Now is the time to start taking some action! Did you identify expenses that you want to reduce? Write them down below along with the date that you will complete them by. Use this chart to plan the steps you will take to improve your financial situation.

Action Items	Will Complete By

Establishing an Emergency Savings Account

Establishing and maintaining an emergency savings account is key to any sound financial plan. Having money that you can easily access in a pinch will prevent you from borrowing from friends and family (or get in to debt). A good rule of thumb is having three to six times the amount of what you need to survive.

Example:
You have determined that your total monthly living expenses are $400. This includes such nonessential expenses as dining out, gifts, and gym membership. However, your essentials (car insurance, gas, smartphone bill, etc.) run you $250 per month. In this case, an appropriate emergency account amount would be at least $750 ($250 x 3).

Budget Busters

So, how do you stay on track with your newly developed budget? Start by avoiding the budget busters that can sabotage the best-laid plans.

Only spend money on things that you have included in your budget and don't allow yourself to fall victim to impulse buying. Impulse buying is when you purchase something without planning to do so in advance as a result of an impulse or a whim. Imagine that you go online to your favorite store to order a new shirt, but somehow by the time you are ready to check out, you have a jacket and a pair of pants in your cart as well. You hadn't planned to buy the jacket and pants, but once you saw them you felt the impulse to purchase them. This is impulse buying and can be a budget buster.

How can you avoid this happening to you?
Remember that you make powerful choices every day. From food to clothes, you not only have the power to spend, but also to save. To help you make the best decisions possible (and to keep you on your newly developed budget), take a moment to assess your money choices before you open your wallet.

Money Choice Assessment

- **Do I need it? –** A want is a desire – something that if you had to, you could live without. A need is essential – living without it would cause extreme hardship. Simple? Not always. Wants can often feel like needs. This want can mimic a need – certainly you require nice clothes for school and work, but does it have to come from Nordstrom when clothes from Target are just as nice?

- **Do I need it now? –** Do you need this item immediately or can you wait for it? A good rule is to never buy without first weighing the consequences.

- **What would happen if I didn't have it?** Simply asking yourself this question can make the difference between bringing home a shopping bag full of impulse items and saving for things that you really do want or need.

© 2025 BALANCE / REV0525

Stay Motivated

You can stay motivated to stick to your budget by using the following techniques:

- **Visualize success.** Picture yourself where you want to be financially, or tape a photo of your goals to your computer or refrigerator.
- **Stay organized** and have your budget on hand and refer to it often.
- **Be realistic.** Recognize that you won't achieve your goals overnight
- **Monitor progress.** Enjoy the process of watching your dollars grow.
- **Expect setbacks.** They happen. By knowing that they will eventually occur, you will be prepared and won't be tempted to abandon your dreams.
- **Reward yourself along the way.** Your hard work deserves recognition from the most important person: you!

What Are You Going to Do Now?

Keep the plan going! Decide now what specific tasks you will need to complete to achieve your goals. What can you do today, in the next three months, this year? Mark your calendar with proposed milestones.

A well-developed budget is your springboard to financial independence. It will help you clarify objectives, organize your finances, refine spending, and attain those goals you previously only dreamed of. Success takes time. But by starting now, you will be that much closer tomorrow.

Financial Goals Worksheet

Your Goals		Target Date	Total Needed	Current Savings	Additional Savings Needed	Pay Periods Until Target Date	Savings Needed Per Pay Period	Savings Needed Per Pay Month
Short-term Goals (under 1 year)								
Mid-term Goals (1-5 years)								
Long-term Goals (over 5 years)								

© 2025 BALANCE / REV0525

Weekly Tracking Worksheet

Item	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Total Expenses	Weekly Budget	Over/ Under
Food (snacks)										
Restaurants										
Laundry										
Dry Cleaning										
Gas/Parking										
Other Transportation										
Personal Care										
Clothing										
Bank Fees										
Entertainment										
Books/Music										
Streaming										
Gifts/Cards										
Church/ Charity										
Other										
Other										
Other										
Other										
Other										
Other										
Other										
Weekly Expense Totals										

Notes

© 2025 BALANCE / REV0525

Monthly Income Chart

Source	Gross (before taxes are taken out)	Net (after taxes are taken out)
Job		
Allowance		
Birthday money		
Student Loans		
Support		
Other Income		
Other Income		
Other Income		
Total Income		

Essential Expenses Worksheet

Expenses are categorized into essential and discretionary. Essential expenses are those that are necessary for you to have. Discretionary expenses non-essential, meaning that they are things that you want to have but may not necessarily need to have. Since many expenses are variable, such as dining out and gasoline, it is important to average these expenses. Other expenses are periodic. Periodic expenses occur on an irregular basis, rather than monthly (such as vehicle insurance or registration). To determine the monthly amount for periodic expenses, calculate the annual amount and divide by 12.

Category	Expense	Average Per Month	Goal Per Month
Housing	Rent/Utilities		
Food	At Work/School		
Transportation	Vehicle Payment #1		
	Auto Insurance		
	Registration		
	Gasoline/Oil		
	Maintenance/Repairs		
	Public Transportation/Tolls/Parking		
Savings	Emergency		
	Goals		
Miscellaneous	Cell Phone		
	Total Essential Expenses		

Discretionary Expenses Worksheet

Category	Expense	Average Per Month	Goal Per Month
Personal	Beauty/Barber		
	Clothing/Jewelry		
	Laundry		
	Cosmetics/Manicure		
Entertainment	Movies/Concerts/Theater		
	Books/Magazines		
	Music/Streaming		
	Dining Out		
	Sports/Hobbies		
	Other		
Miscellaneous	Pet Care		
	Holiday/Birthday/Gifts		
	Charity/Religious Contributions		
	Other		
	Total Discretionary Expenses		

Bottom Line Worksheet

Monthly Net Income	Total Essential Expenses	Total Discretionary Expenses	Balance
	-	-	=

© 2025 BALANCE / REV0525