



BUDGETING

STEP-BY-STEP ACTION PLAN

This step-by-step guide should make budgeting a breeze

1. First list and add up all the types of **income** you get each month. Think about all kinds of income, such as wages/salary from work, SSD, SSI, Social Security Retirement, pension, child support, alimony, Public Assistance, unemployment benefits, etc.
2. Next, list and add up all of your regular **expenses** such as food, rent/mortgage, electricity/gas, phone service, internet, cable, transportation, clothing, medical bills, credit card bills, credit card and bank fees, loan payments, taxes, laundry, child care, school costs, entertainment, donations, etc.
TIP: Look at bills, bank statements, credit card statements, and receipts to get a realistic idea of how much you spend each month.
3. Now that you have listed and added up your income and your expenses, **compare** the two. If your monthly income is more than your expenses, then you can save money for later. If your income is less than your monthly expenses, you should try to think of ways to reduce your expenses.
4. When trying to reduce expenses, it is helpful to separate things you **need** from things you **want**. Since things you need are essentials, to reduce expenses, start by cutting things that you want.
TIP: Think hard about whether each expense is a “need” or a “want”. Things like rent, electricity, health insurance, etc. are generally needs. Things like cable, Netflix, etc. are wants.
5. Now, separate your needs into two categories: (1) expenses that are the same each month (like rent) and (2) expenses that change each month (like food or clothes). You probably can’t do much about expenses that don’t change, but you can **reduce your spending** on things that do.
6. Once you have cut your expenses enough to allow you to save, it is important not to allow your expenses to go back up, so you can put money aside to **save every month**.
7. Every month, set aside money for savings after you have paid for needs, but before you pay for wants. This will **make saving a habit** that you do without having to think about it.

www.thefamilycenter.org/LWI 718.789.3841 x 150 LWI@thefamilycenter.org

THIS INFORMATION IS NOT LEGAL ADVICE AND IS NOT A SUBSTITUTE FOR CONSULTATION WITH AN ATTORNEY.
NO ATTORNEY-CLIENT RELATIONSHIP IS CREATED BY RECEIPT OF THIS INFORMATION.