



## Consumer Credit Nationwide

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# How to Budget? How to Save?

### Why Save?

Everyone knows it is important to save money. Not only does it help you prepare for an emergency, but it gives you a sense of security and freedom. Savings can also give you the money you need for a down payment on a home. Savings is often hard to do, but one way to start is to prepare a budget and make savings a part of your plan.

### What is a budget?

A budget is a spending plan that you decide upon. It is based on how much you make in income and what your monthly expenses are. By understanding your monthly income and expenses you will be better able to manage your cash flow and determine how much debt, if any, you can assume.

### How do you figure out a budget?

You can use the following pointers and budget worksheet to figure out your own monthly budget.

- **Start with income.**

Figure out your monthly take home pay. That's the amount you bring home each month after taxes are withheld.

- **Prepare a List of Your Monthly Fixed Expenses.**

Fixed expenses are the payments that you have to make each month, many of which remain the same. Fixed expenses include your rent or mortgage, all utilities (gas, electric, telephone) and any credit payments you have (credit card bills, car loans, and so on). Include the monthly cost of any quarterly or periodic payments you have such as insurance and medical expenses.

- **List your Monthly Flexible Expenses**

Your flexible expenses may vary from month to month, but you can control them more readily than you can your fixed expenses. In other words, you can decide whether and how much you will spend on them.

Flexible expenses include food, clothing, transportation, household expenses, and personal spending for entertainment, eating out, and other items that you have control over.

- **Decide How Much to Save and Stick to it.**

It is important to think of savings as a fixed expense so that you are sure to save a set amount each month. Otherwise, it is easy to spend more on your flexible expenses and forget about savings.

Get in the habit of questioning what you buy and carefully considering the price and quality of your purchases.

Services are available through your employer and your bank to make it easier for you to save. These include payroll deductions, direct deposits of your paycheck and automatic savings plans.

### *Budget Worksheet*

#### Fixed Expenses

Rent/Mortgage..... \_\_\_\_\_

Utilities..... \_\_\_\_\_

Credit Payments..... \_\_\_\_\_

Insurance..... \_\_\_\_\_

Medical..... \_\_\_\_\_

Other..... \_\_\_\_\_

#### Flexible Expenses

Food..... \_\_\_\_\_

Clothing ..... \_\_\_\_\_

Transportation..... \_\_\_\_\_

Household..... \_\_\_\_\_

Personal..... \_\_\_\_\_

Other..... \_\_\_\_\_

**TOTAL EXPENSES** \_\_\_\_\_

**MONTHLY TAKE** \_\_\_\_\_

**HOME PAY.....** \_\_\_\_\_

**TOTAL EXPENSES** \_\_\_\_\_

(from above)

**SAVINGS.....** \_\_\_\_\_