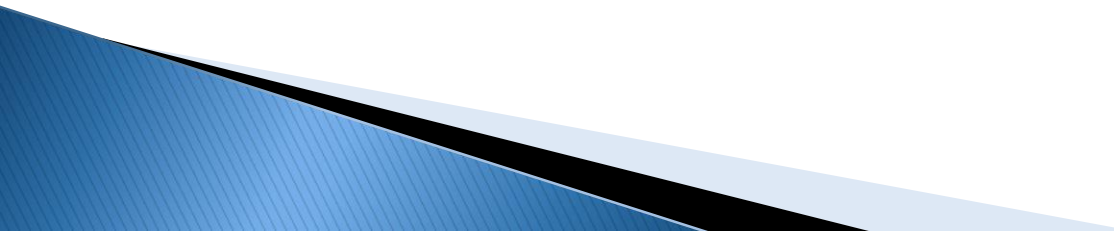
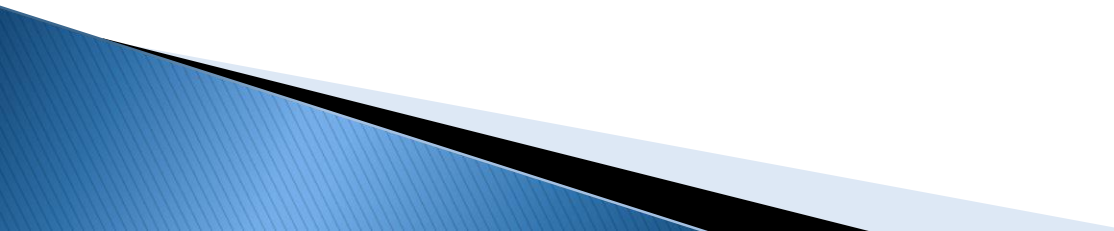


HOW TO PREPARE A FAMILY BUDGET

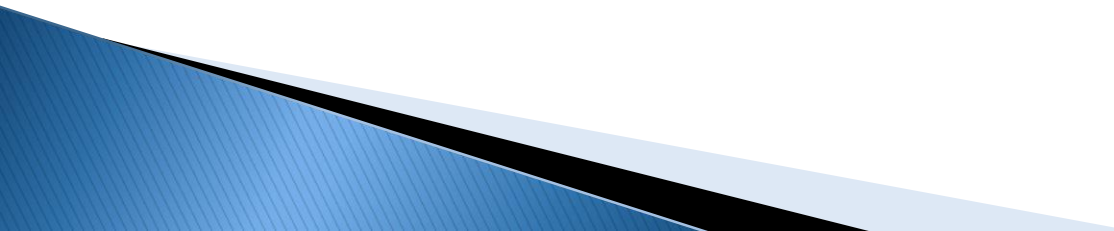
Creating a budget requires 3 things:

- ▶ 1. Identify how you are spending money now.
 - ▶ 2. Evaluate your current spending's and set goals that take into account your long term financial objectives.
 - ▶ 3. Track your spending to make sure it stays within those guidelines.
- 

Tracking Spending and Expenses

- ▶ 1. Identify how and where your money is being spent.
 - ▶ 2. The essentials include shelter, food and clothing. Most families would add electricity, water and transportation, if no public transportation is available. Income to cover these expenses should be allocated first.
- 

What is Priority?

1. House
 2. Bills (electric, credit cards)
 3. Groceries
 4. Money to families
 5. Car payment
 6. Car insurance
 7. cable
- 

What is Important?

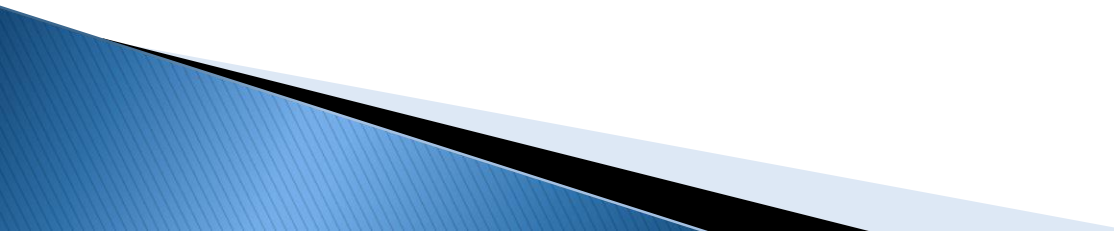
- ▶ **Conveniences**

- 1. Other convenience items include internet access, cable, and entertainment. These nonessential conveniences should follow essentials on your budget.
- ▶ 2. A telephone is not essential to life, but it is a very important convenience, not only for safety in the event of an emergency, but also to communicate with employers and others.

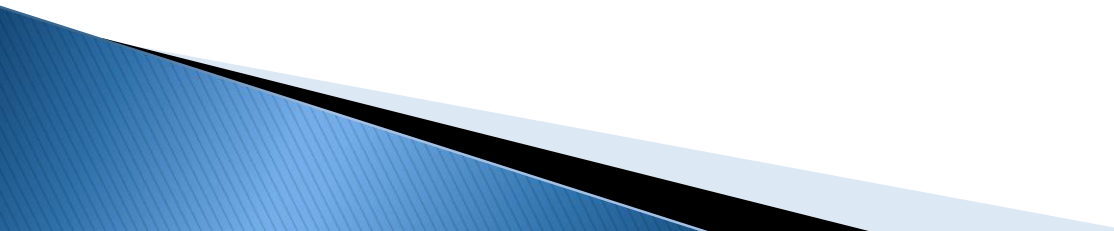
Copy of a Family Budget: by: leavedebtbehind.com

- ▶ C:\Users\Owner\Documents\Cop of LDB_Budget_Form.xls

What is a Budget?

- ▶ A budget is basically a plan that spends your money on paper before you actually receive it. It is simply writing down your income, and all of your expenses for the next month and looking at the difference. The difference will tell you what you need to do, and will allow you to control your spending.
- 

When and how often should create my budget?

- ▶ Critically important is the concept of spending your money on paper *before* you receive it.
 - ▶ Your budget should be done monthly. It is far too complicated to try and create one budget that works for every month, as your required expenses will change. So create one monthly, and make it specific to that month.
- 

Creating a Budget

- ▶ The basic tools for creating a budget are a pen and a pencil, and we would highly recommend that your first budget be done this way. There is something about writing your budget by hand that gives you more ownership of it and makes you more accountable.



Marriage

- ▶ If you are married, you and your spouse should do the budget together. This is VERY important. Both of you should have equal input into the budget and in the end agree to it. If one person doesn't participate or one person doesn't agree the likelihood of the budget being followed by both parties is low.



Keep it Simple

- ▶ Keep our budget very simple. Rather than having 10–20 different categories of items to be budgeted for you only focus on the 1–3 most important ones first.
- ▶ So, to do this you take your paycheck of say \$500 and right off the top you put the money to your main priorities. For many people this is rent, bills, groceries, clothing, etc...

Agreement

- ▶ Once you have your budget and all of your money is spent for the upcoming month, it's time to formal agree. This is a critical step in following your budget. If you are single, you are going to have an agreement with yourself, or you might even consider having a close friend or family member be your accountability partner. If you are married, than you spouse will be your accountability partner.

Following a Budget

- ▶ *Following it doesn't require book knowledge, it requires you to manage yourself and your behavior.*
 - *Have weekly budget meetings and review budget status and make adjustments if necessary*
 - *If an unexpected expense occurs (i.e. your car breaks down) conduct an emergency budget meeting, and you AND your spouse or partner have to agree on what will be done and how you will pay for the expense.*

Track every expense, and subtract it from the budget amount so you know how much you have remaining. When you run out, you don't spend anymore money OR you move money from another category that has money.



If at First You Don't Succeed, Try Try Again

- ▶ Be willing to adjust and if you overspend a little, don't get over react. You aren't going to get it right out the door, and it will take you a few months to get used to budgeting and determine the right amounts to put in each category. So if you overspend, it's not alright, but it isn't the end of the world either. Just move money from another budget category or pull from your emergency fund (just put it back).

Start your budget now!!

- ▶ Don't wait, start your budget today.
- ▶ You will feel less stressed, and the weirdest thing is you will all of the sudden find money that you didn't know you had. There is nothing like the feeling of going through the money, knowing you have enough money to pay the bills and not having to worry that you won't be able to pay your bills!