

Tips for creating a budget.



- 1. Creating a budget** is an important step towards becoming financially responsible and helps with reaching your savings goals. And who doesn't want a little extra cash at the end of each month?!
- 2. Know your habits.** To create a budget you need to know what you spend your money on. Keep track of all your expenses for a month. Use a budget worksheet or computer program (like Excel).
- 3. Gather the masses.** Most of the information needed to draft a budget is readily available. Collect pay stubs, tax returns, utility bills, credit card statements, loan statements, receipts, insurance bills, etc, to help get you started.
- 4. Do the math!** Once you've gathered all the necessary information, it's time to do the math. Add up your total income and subtract your total expenses. Your expenses shouldn't exceed your income!
- 5. Avoid the red.** If you notice that your expenses do exceed your income you'll need to look for ways to cut back so you start saving some green! Obviously you still have to pay your bills, but try things like buying a coffee instead of a latte. Making small sacrifices now will put you in a much better position in the future!
- 6. Wants vs. Needs.** It's really important to know the difference between wants and needs when creating a budget. Things like utility bills, food and gas are important expenses that you need to pay. Eating out at expensive restaurants is not something that you need to spend money on.

- 7. Reward yourself.** It's important to include paying yourself in your budget. Each month set aside some money that you put into a savings account to reward yourself with something fun.
- 8. Expect the unexpected.** It's also a good idea to set aside some money each month for emergency purposes, such as unexpected car repairs. If you don't use it, that's just more savings you have for the future!
- 9. Don't give up!** Making a budget and sticking to it isn't always easy...but keep at it and you will be in control of your financial destiny!

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