



STEPS TO COMPLETE A BUDGET PLAN

Follow the five steps below to complete the Budget Plan.

Step 1: Identify Goals

What are your goals? Do you want to live on your own? Go to college? Get a car? How much money will you need to achieve your goals?

Step 2: Record Income

Depending on the lifestyle you chose, how much money do you need to earn?

Click on the link below to take a quiz to help you determine the amount of income you will need. When you find your weekly salary, multiply this number by four to obtain a monthly salary. Enter this amount next to "Job" on the Budget Plan.

http://www.jumpstart.org/madmoney/pgv_money_rc_form.html

Set aside savings of 5 percent of your gross pay. Enter this amount next to "Savings" on the Budget Plan.

Step 3: Determine Expenses

Record your known and expected expenses. Include all of your monthly bills, as well as miscellaneous expenses, such as gifts, gas, and household items.

To assist with amounts you might spend on food, visit www.netgrocer.com.

To assist with amounts you might spend on clothes, visit www.eddiebauer.com or www.jcpenney.com.

To assist with amounts you might spend on entertainment, visit www.walmart.com.

Enter the amounts next to each expense category on the Budget Plan.

Calculate the total amount you spend each month. These are your expenses.

Step 4: Develop a Savings Plan

Now that you know how much money you will have available from earnings (income) and how much money you will spend (expenses), you can determine how much money you can save in addition to the 5 percent.

How much additional money is available to save for your long-term goal? (Total income minus total expenses equals the additional money available for goal.)

Your expenses may be greater than your income. In this case, consider reducing some of your expenses to begin saving money. Make the changes in the "Monthly Expenses" section.

What percentage of your total income are you spending in each expense category?

Step 5: Using the Budget Plan

For a budget to be effective, you need to use it every day.

Keep up with your budget by tracking all your actual expenses.

Make sure that you are not exceeding the budgeted amount for each category.

If you keep up with your plan, how long will it take you to reach your goal?

Divide the Long-term goal cost by the total amount saved. This is the number of months to reach the goal.