

A close-up, slightly blurred photograph of a desk setup. In the foreground, a silver laptop is open, with a document visible on its screen. The document contains some text, including the words "CLASS" and "ADDRESS". A blue pen lies on the laptop's keyboard. To the right of the laptop, a white notebook is open, with a pen resting on it. The background is a warm, golden-brown color, possibly a wall or a light source. The overall scene suggests a workspace for budgeting or financial planning.

# BUILD A BUDGET THAT WORKS

An easy-to-follow workbook designed to help make your money work for you.

# BUILD A BUDGET THAT WORKS

*An easy-to-follow workbook designed to make your money work for you*

By: Jessi Fearon

[www.thebudgetmama.com](http://www.thebudgetmama.com)

Just a quick note before we dig into the good stuff.

The road to financial freedom starts with the budget. This workbook is a way to help make the budgeting process easier. It will however, by no means, give you a 'perfect budget'. A perfect budget does not exist but one that works for you does.

My goal is to help you realize your financial potential by introducing you to the budgeting process. This workbook will help you learn how to establish and keep to a budget. After you've attempted this method, tweak it to fit your way of life.

I hope that this book proves to be a great resource to you and your family.

Enjoy!



## Table of Contents

Note from the Author	2
How Do you Build a Budget that Works?	4
Budgeting for Annual Expenses	5
Setting Up a Monthly Budget	9
Cutting Your Expenses	12
Sticking to Your Budget	14
Key Points to Remember	15
About the Author	16
Appendix - Printables	17

## How Do You Build a Budget that Works?

Poor budgets, they get such a bad rap these days. Budgeting does not have to be painful and definitely does not have to take you forever to set up. You determine how simple or complicated to make your budget, it is all up to you.

If you read my eBook, *The Four Basic Steps to Budgeting; A Step by Step Guide*, you know that to keep your budget simple, there are four steps. The four steps being; Income, Expenses, Squeeze, and Delivery.

This book will cover a more detailed approach to budgeting in order to help you to really dig in and make your money work for you, not the other way around. I include in this book, my own personal set of printables found in the appendix. If you follow me on my social media accounts, you have probably seen a few glimpses of them. I would not have included them in this book if I did not think they could work for you. Print them off, read this quick guide, and get started making your budget so you can start living the good life!

## Budgeting For Annual Expenses

Every month, we have the usual bills: rent/mortgage, utilities, and so-on, but there are many annual expenses that can come up expectantly. For example, regular car maintenance such as oil changes or tires. Since these types of expenses are not regular bills, you may find yourself tempted to put the expense on a credit card or take the money from your emergency savings (or maybe even take out a loan). The ultimate goal should be to accumulate enough money in designated accounts or funds throughout the year in preparation of the needs that will eventually happen.

The first thing to-do is to analyze your family's yearly expenses, not just the monthly ones. In analyzing your yearly expenses you are going to determine what accounts or funds you need to establish. An example of an account is a medical account to pay for co-pays, prescriptions, or insurance deductibles. Other examples are vacation, auto expenses, home, gifts, and clothing.

These accounts or funds can be set up in one of two ways, depending on the type of personality you have. If you are of the personality that out-of-sight, out-of-mind works best for you to keep your spending under control, then setting up different savings or checking accounts with your bank may be best (this is personally my current system). If you have a stronger hold on your spending then you can simply leave the money in your checking account and designate the money to the funds on paper (I used this one for years before I had a joint account).

*\*\*It is important to note that due to federal regulations, you will only be allowed up to six transfers per month out of a designated savings account. If you think, you may have to transfer more than six times in a month you may want to change the account to a checking account to avoid incurring a fee.*

You can estimate about how much you need in a year by examining the previous year's checking account register, bank statements or your credit card statements to find out how much money you spent in each category. Below is an example of some typical yearly expenses:

Medical Expenses	\$1,500/year
Car Maintenance	\$1,200/year
Clothing	\$1,000/year
Home (Maintenance, décor, etc.)	\$1,300/year
Gifts	\$1,000/year
Gas (Winter heating costs)	\$1,000/year
Special Occasions (Parties, Food, Craft Supplies)	\$800/year
Vacations	\$1,500/year

After you have determined your yearly expenses, the next step is to divide those estimates by the number of pay periods you have in a year. For example, if you are

paid monthly, then you will need to divide the yearly amount by 12. For bi-monthly pay periods, you will divide the number by 24. For two week pay periods, you will divide by 26 and for weekly pay periods, you will divide by 52. Below is an example of what bi-monthly pay periods should look similar to (\*Please note that I've rounded the monthly numbers where applicable):

Medical Expenses	\$1,500/year	\$63/month
Car Maintenance	\$1,200/year	\$50/month
Clothing	\$1,000/year	\$42/month
Home (Maintenance, décor, etc.)	\$1,300/year	\$55/month
Gifts	\$1,000/year	\$42/month
Gas (Winter heating costs)	\$1,000/year	\$42/month
Special Occasions (Parties, Food, Craft Supplies)	\$800/year	\$33/month
Vacations	\$1,500/year	\$63/month

You can fill in your numbers here to determine how much to designate each month:

Medical Expenses	/year	/month
Car Maintenance	/year	/month
Clothing	/year	/month
Home (Maintenance, décor, etc.)	/year	/month
Gifts	/year	/month
Gas (Winter heating costs)	/year	/month
Special Occasions (Parties, Food, Craft Supplies)	/year	/month
Vacations	/year	/month
Misc.	/year	/month

After you have determined what your monthly budget for these categories should be, you are ready to create an account or fund to start putting that money aside. For each yearly expense on your Annual Expenses Worksheet, you will need to print an Account/Fund Worksheet. After your next paycheck, you will deduct the amount designated for each account. For example if you are paid bi-monthly and you have Car Maintenance designated to receive \$50 a month, then each paycheck you will deduct \$25 from it. You will then apply this \$25 to your Car Maintenance account/fund. See the below screen shots for examples:

# Monthly Expenses

Checkbook Register				Account:				
NUMBER	DATE	TRANSACTION	WITHDRAWAL		DEPOSIT		\$	
							987	62
	12/10	Grocery Store	120	75			866	87
	12/13	Paycheck			795	56	1,662	43
	12/13	Medical Fund	31	50			1,630	93
	12/13	Car Maintenance Fund	25	00			1,605	93
	12/13	Clothing Fund	21	00			1,584	93
	12/13	Home Maintenance Fund	27	50			1,557	43
	12/13	Gifts Fund	21	00			1,536	43
	12/13	Gas Fund	21	00			1,515	43
	12/13	Special Occasions Fund	16	50			1,498	93
	12/13	Vacation Fund	31	50			1,467	43

After you have deducted the amounts from your checkbook register, you will then need to add these amounts to each Account/Fund balance. Below is an example of what the Medical Fund Worksheet should look like

## Medical Fund

Doc Visits, Dentist, Hospitalization, Medication    **Yearly: \$1,500**    **Per Pay Period: \$31.50**

DATE	TRANSACTION	WITHDRAWAL		DEPOSIT		\$	
						1,279	50
9/13	Deposit			31	50	1,311	00
9/27	Deposit			31	50	1,342	50
10/11	Deposit			31	50	1,374	00
10/15	Co-Pay for Dr. Visit	25	00			1,349	00
10/25	Deposit			31	50	1,380	50
11/8	Deposit			31	50	1,412	00
11/22	Deposit			31	50	1,443	50
12/2	Prescription	21	00			1,422	50
12/13	Deposit			31	50	1,454	00

The ultimate goal to using budget categories is to have enough funds available for those categories that you will not need to use your savings account or credit cards. This



system will help you set aside money that will start to grow with each paycheck. It is the first step to making your money work for you.

If you decide to use the method where you keep all the money in your checking account instead of having separate checking or savings accounts, you will need to remember to deduct the money from both your checking account register and the fund expense page. After you deduct the money from your fund expense page you will need to then add that expense back into your checking account register. Below is an example of what the transaction would look like in your checking account register.

## Monthly Expenses

Checkbook Register

Account:

NUMBER	DATE	TRANSACTION	WITHDRAWAL		DEPOSIT		\$	
							850	27
	12/1	Co-Pay for Dr. Visit	25	00			825	27
	12/1	Pay Back from Medical Fund			25	00	850	27

## Setting Up a Monthly Budget

Many people shy away from writing down a budget. Most people will make a budget in their head, but fail to write it down. Writing down your budget will help to hold you more accountable for sticking to your budget. If you need help or have never created a budget before, below are instructions for setting one up.

**Total Income:** You will need to first determine your total monthly income. If you receive a regular pay check, determining your income is as easy as tallying up your pay check totals for the previous month.

If you receive irregular income, determining your monthly income amount will be slightly more challenging. You will need to work backwards in terms of your budget. You will actually need to figure out your total expenses for the month before determining what your monthly income will need to be. *If your income is unstable, then your expenditures must be stable and predictable.*

**Total Expenses:** The next step is to determine your monthly expenses. This will be the hardest step. Most people are afraid of knowing just how much money they spend every month. Even if finding out how close to or in the red you are, determining where your money goes every month is beneficial in creating a budget that works.

Gather up all your regular monthly bills such as mortgage payments, insurance, and car payments. You will average out your non-fixed payment accounts, such as utilities, by taking the average payment from the last three month's bill statements. How you do this is by adding up all three statement totals and then dividing by three.

Below is an example of how your regular monthly expenses might look:

Car Payment	\$500
Insurance	\$150
Mortgage/Rent	\$850
Water	\$30
Power	\$100
Telephone	\$100
Internet	\$60
Cable/Dish	\$50
Loans (Student, Personal and Business)	\$300
Savings	\$100

It's important to note that you already calculated what your gas (winter heating) cost will be per month earlier.

After you have determined your regular monthly expenses, you will need to determine your everyday expenses. These expenses are things like, groceries, dining out, and any miscellaneous spending.

Start by trying to determine which ones are grocery related, as that's typically the next biggest expense. Looking over the previous month's bank statements, find the ones that are for groceries. As you find these transactions, cross them off in order for you to better keep up with what you have calculated and have not calculated. After you determine how much you spent on groceries last month, determine how much you spent on fuel/transportation. After you have your grocery & fuel expenses determined look through the remaining expenses.

What are the remaining expenses from your bank statements for? Are they for dining out, entertainment, clothing, car repairs, or miscellaneous?

**Difference:** The difference category is the difference between your budgeted amount and the actual amount that you spent. The goal in the difference column is to either be at zero or in the positive. Any additional amount in the difference column should be added to your savings or to one of your funds to avoid struggling to pay unexpected bills. Another option would be to apply the additional overage to any debts you may have. This is how you create a zero balance budget.

If the amount in your difference column is negative, you may have to dip into your savings account to pay for the expense. In order to try and avoid this negative balance in the future, you will need to examine the expense to see if there was a way to avoid the overage. Was it a simple mathematical error? Were there other components of the expense not factored in originally, such as taxes, fees, or interest? You will want to make note of these factors in order to account for them in next month's budget.

*The difference column is the most important column on your budget worksheet, as it gives insight into how you spend your money every month.*

An example of what your budget sheet may look like is below:

# Monthly Budget

Month: August

	Budget Amount	Actual Amount	Difference	Comments
<b>INCOME</b>				
Income 1	3,265.00	3,265.00	0	
Income 2	2,395.00	2,263.00	-132.00	Project Fell Through
Extra Income				
<b>SAVINGS</b>				
Emergency Savings	160.00	160.00	0	
Retirement	250.00	250.00	0	
College Fund	150.00	160.00	10.00	Used birthday \$
<b>HOUSING</b>				
First Mortgage	1,200.00	1,200.00	0	
Second Mortgage				