

BUDGET PLANNING

1. Estimated or Actual Income

- Use your existing salary or identify the career and salary you will use for your budget. Check the Occupational Outlook Handbook to find out the median yearly salary for many different careers: <https://www.bls.gov/ooh/>
- If you want to live in a specific area, check the salary for your desired position in that location.
- Divide the yearly salary amount by 12 to determine the monthly salary amount.
- Identify any additional sources of income that you anticipate (income from a second job, gifts from family or friends, rent payments from a roommate, etc.).
- Enter your planned income in the Excel Monthly Budget Tool document (located in Adult Resources).

2. Estimate or Actual Fixed Expenses

- Research the amount of taxes you will need to pay. Check the IRS website: www.IRS.gov to estimate your federal taxes.
 - Check the state and city or county that you plan on living in to estimate state and local taxes.
 - Investigate the cost of housing in the area you plan on living and estimate your monthly expense.
- Research the cost of any insurance you will need.
- Determine the amount that you will need to pay each month for your educational expenses. (If your chosen career requires specific training or degrees, how much do those cost? Will you have student loans to pay back?)
- Consider other fixed expenses, like transportation, a car payment, cable/internet service, and research how much they cost in the area you are planning on living.
- Enter your estimated fixed expenses in the Excel Monthly Budget Tool document.

3. Estimate & Track Variable Expenses

- Identify the variable expenses that you will have each month. Add or delete items from the list provided on the Excel Monthly Budget Tool document as necessary.
- Research and estimate how much you might spend each month on the variable expenses. Review your bank account to determine a reasonable estimate for what you typically spend on variable expenses.
 - Consider expenses like home repairs, furniture costs, cable, internet services, gas, etc.
- Enter your estimated variable expenses in the Excel Monthly Budget Tool document
- Begin tracking your actual variable expenses.

After a week or more of tracking, total your actual variable expenses and enter your monthly amounts in the Excel Monthly Budget Tool document.

4. Developing a Working Budget

Create a budget for yourself to manage your current finances in a way that will help you meet your long-term financial goals.

- You might use a budgeting app, a spreadsheet, or even a paper-and-pencil chart.
- Set up the budget to track and manage your expenses now in order to be ready to achieve your financial goals in the future.

You should have long-term and short-term goals. Knowing what you are working toward will inform your budgeting.

Are you trying to be debt-free? Are you saving up for a down payment to buy a home? Are you hoping to further your education? Are you making investments for the future?

Set your long and short term financial goals and then periodically evaluate your budget plan against your financial goals.