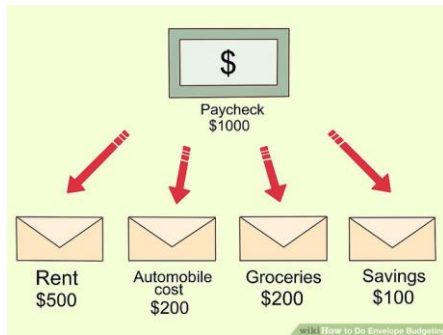


Quick Start Your Financial Success Guide: *Budgeting*

Start with your budget!

- Understand the approach to budgeting. We suggest zero-based budgeting:
 - **Monthly Income - (monthly savings + monthly expenses) = 0**
 - This means every dollar has a job. The old fashion envelope system is a great example of this!



September Budget		
	Income	\$3,500
Giving	Charity	\$300
Savings	Car Fund	\$250
	Rent	\$1,000
House	Electricity	\$135
	Netflix	\$12
	Internet	\$50
Food	Groceries	\$400
	Eating Out	\$60
Child	Day Care	\$900
Transportation	Gas	\$125
	Car Insurance	\$120
Personal	Phone	\$68
	Fun	\$80
	Total Expenses	\$3,500
	Leftovers	\$0

While we do not necessarily encourage the use of physical envelopes and cash, the envelope example provides an excellent visual aid of zero-based budgeting. The second example is zero-based budgeting displayed in a spreadsheet format/

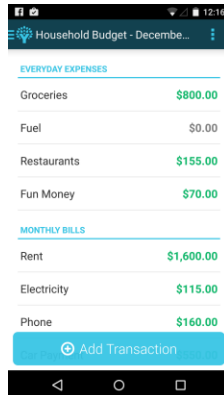
2 Keys and 4 Rules

2 Keys to a budget: 1) There must be a written plan and 2) a means to monitor/track the plan.

- Mental math doesn't work. A budget only works when it is written and monitored. One of the best ways to ensure this happens is taking advantage of apps available that help with budgeting.
 - The Center for Financial Success preferred app is: younedabudget.com
 - This app is user friendly and has free online workshops to understand it better.
 - Free for a year for college students and is well worth the second year cost.
 - Our second favorite app is mint.com

4 Rules (borrowed from younedabudget.com with additional notes from the Center for Financial Success staff)

1. Budget what you have:
 - a. Prioritize what is already in your account. "Ask yourself what you have to buy before getting paid again? Cover those expenses first. Make sure and stick to the plan to the best of your ability.
 - b. This is made easy when it is written, or especially easy when put in a budgeting app. (The picture on the back shows an example of this being done with younedabudget.com)



EVERYDAY EXPENSES	
Groceries	\$800.00
Fuel	\$0.00
Restaurants	\$155.00
Fun Money	\$70.00
MONTHLY BILLS	
Rent	\$1,600.00
Electricity	\$115.00
Phone	\$160.00
+ Add Transaction	



This is an example of budgeting what you already have in the bank account for your immediate expense using the mobile app for youneedabudget.com.

**the numbers imputed are not suggested household budget figures. They are arbitrary.*

2. Embrace your true expenses:
 - a. This means planning for non-monthly expenses
 - b. For Example: turn your Christmas presents budget into “monthly bills”
 - i. If you plan to spend \$1200 in December budget 100 each month and treat it like a bill. Another example could be your insurance premium.
 - c. Mental math will beat you if you do not think about non-monthly expenses when you get a paycheck, cover the immediate expenses and see some leftover cash.
 - d. This will help you make better decisions about immediate spending when you have leftover cash knowing how much you will need in the future.
 - e. This includes planning for emergencies.
3. Roll with the punches:
 - a. When you overspend adjust rather than quit. The budget you make will need to be flexible.
 - b. For example, if you budget \$80 for groceries but spend \$100 then simply move 20 dollars from a category less important to cover the overspending, like dining out or money being saved for a new computer.
 - c. This rule keeps you from feeling like you totally screwed up when you overspend.
 - d. Sometimes an emergency will occur that causes unplanned expenses. Be prepared to adjust.
4. Age your money
 - a. The first three rules will help you learn how to consistently spend less than you make. This will enable you to plan further ahead. Eventually you will be able to budget so that you are paying for this month’s expenses with last month’s income.
 - b. This breaks the living from paycheck to paycheck cycle.

Finally, for your budget to work, you must be realistic. Being realistic sometimes means making multiple tweaks until it fits your lifestyle and goals just right. Don’t get discouraged, it will work! Sometimes it just takes time!

If you would like help building a budget take advantage of our **free peer to peer financial counseling program**! We are located in Grise Hall rooms 320 & 322! Schedule an appointment today at wku.edu/cfs or by emailing the Center for Financial Success at financialsuccess@wku.edu