

# Budgeting 101



## How to Budget Your Money

Knowing how to budget money and where budget planning should start is often the hardest part. When it comes to steps in preparing a budget, **if you aren't telling your money what to do, it's controlling you – no matter how much you make.**

Getting in the **habit of budgeting and saving** is important to financial well-being. Financial wellness can play a major part in your emotional, physical, and mental well-being. When money is tight, stress begins to pile on.

**Budget planning is a great way to create healthy money habits and avoid money stress!**

- Why a budget is important
- What are the steps in preparing your budget
- Budgeting resources
- Simple budget categories
- Envelope budgeting system

## Why you need to make a budget today

**Approximately 138 million people – 57% of American adults – are struggling financially.**

If you find yourself struggling, you are not alone. What people often don't realize is the impact financial struggles can have on your mental and physical health.

## What does the financial struggle look like?

- Living paycheck to paycheck
- No emergency fund
- Growing – rather than shrinking – debt

Part of Cheney Federal Credit Union's commitment to our members is helping you with your financial wellness, making your financial dreams into a reality. Having a budget is the first step.

## What are the steps in preparing your budget

Like most things in life, you might not master budgeting on your first try. And that's okay. It takes time and practice, so don't be too hard on yourself when you're first getting started. The next time around, you'll have a better feel for how much you're actually spending in each category. **Don't give up!**

### Follow these steps:

#### Figure out your income

This is the amount you bring home each month. Include all of your income – take home pay after taxes, side hustles, pensions, child and/or spousal support, etc.

#### Review your bills

Gather all your bills and expenses. Knowing your true costs helps you find places to cut spending, find savings, and be aware of where your money is going each month. Make sure to include both fixed and variable expenses when figuring out your bills.

**Fixed expenses** are the bills that stay the same each month, things like your car payment, rent, etc. **Variable expenses** can be a bit trickier to budget because they vary from month to month. This would cover groceries, gas, eating out, etc. Even though these cost change from month to month, try to ballpark cost for your budget.

#### Include savings

It is important to include paying yourself first when creating a budget. **Planning for the future**, even if the future is next month, can help you avoid taking out an emergency loan or using credit cards which can eat into your budget long term.

Start saving small by turning your spare change into savings automatically by using **Round up to Savings**.

Work toward creating a \$1,000 emergency fund so you're prepared for a personal financial crisis.

Ultimately, try to build your savings to cover 3 to 6 months' worth of living expenses. It may take some time, but these are saving goals to start with.

## Budgeting Resources

Cheney Federal Credit Union has you covered with some free tools to help you figure out your budget. We're talking about saving money here, so why spend money on software or other app or systems? Whichever tool you use, remember you shouldn't just "set and forget" your budget. A budget is something you need to continue to check in on and evolve to your financial dreams and goals.

### [Track Your Monthly Spending](#)

#### [Free budget spreadsheet Excel](#)

F-R-E-E. this is a simple spreadsheet you can print out to start mastering your money.

### [CFCU Budgeting Workbook](#)

This personal budget planner template is great if you're not sure where your money is going each month. Personalize the workbook with fillable forms to complete your budget.

## Simple Budget Categories

If you're looking for the ideal budget, aim for **70 – 25 – 5**.

This model is called **Spend – Save – Share** and gives you the guideline of having about **70%** of your income spent on needs, **25%** toward saving (long-term and emergency), and **5%** for giving back (community charities, church, school, etc.)

## Envelope Budgeting System

The idea is simple: Use envelopes to organize cash in order to pay bills, spend on groceries, eating out and hobbies. This is a way to see how closely you are sticking to the amount budgeted for each type of expense.

Remember, this is your budget. If the current one isn't working refine it. The great thing about owning a budget is you can change it when you need to. Give yourself some spending space, if you budget too meticulously, it will induce stress and the budget will

ultimately fail. Acknowledge your weaknesses. We all have them! Recognizing your weaknesses and strengthening your mental fortitude for these spending behaviors will help keep them in check. Most of all, keep with it and accept that every once in a while you will trip up, and that's okay!

Now get out there and start building a budget and see how a little money management can do for you!