

Budgeting

What can you afford to spend on an apartment? Can you afford to buy or lease that new car? How can you save money for a great vacation next summer? All of these questions have a very simple answer: make a budget. A budget can help you get your monthly expenses under control and plan for future expenses. But how do you do it?

Use a budget worksheet to record your income and expenses, and to organize your bills, statements and receipts. Budgeting is usually done on a monthly basis, so do not include expenses or income that you do not receive every month on the worksheet.

While working on your budget, remember that you should put your savings aside first, not last. As soon as money comes in, savings should be banked or put out of reach. Here is a chart of expenses. It tells the percentage of take home income that most people should spend on basic expenses.

Housing	15%-25%	Savings	5%-10%
Food	15%	Utilities	10%
Medical	5%-10%	Transportation	4%-10%
Recreation	5%	Clothing	5%-10%
Miscellaneous	3%		

Now that you've got the basics of working with a monthly budget, it is a simple step to use the spreadsheet or worksheet to figure out how much you can afford to spend on that new apartment, new car or great vacation.

Enter all of the budget figures for every expense **except** the one you're interested in. Now use the "Net Income" figure to determine if the new expense is within your budget.