



Credit Counseling Service of North Central Indiana

A Program of Family Service Association of Howard County, Inc

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PREPARING A HOUSEHOLD BUDGET

One of the most important items we can use to assist with household finances is a budget. Once developed, a budget takes only a few minutes to maintain, and can make the difference between financial success and failure. To be successful, the household budget must be used and reviewed on a regular basis - say, once a week when you sit down to work on your bills. Revise and refine the budget for the coming periods, and it will help to keep you on track financially.

Some notes about budgeting:

1. Always start working on next month's budget by the middle of the current month. Look and plan ahead to be successful.
2. Remember that the budget is a spending and saving plan or goal. It will seldom be 100% accurate, but should reflect a reasonable plan for the household.
3. It is generally easiest to develop your budget based on pay periods. Don't forget that if you are paid weekly you will have an extra paycheck each 3 months. Those paid every other week will have an extra check every 6 months. (The extra check does not, however, mean that you will have lots of extra money! Depending on how your budget is set up, some expenses, such as food or gasoline occur each and every week. Other expenses, like housing and utilities occur only once in each calendar month.)
4. As you develop a budget, be honest with yourself. Over-estimating income or under-estimating expenses will work against you. Adjust figures used in your budget to reflect accurate information (if you guessed your electric bill to be \$54 and it comes in at \$74, go to your budget and adjust it.)
5. Don't forget to budget for those items that don't come up every month. These might include insurance for home and auto, license plates and sanitation to name a few. To determine how much should be budgeted, divide the projected expense by the period it covers. For example an auto insurance policy of \$180 that covers a period of 6 months would be budgeted at \$30 per month.
6. There are a number of areas that are hard to assign a budgeted amount to, but are still important to the success of a budget. Some examples might include:



”Building Strong Families”



- a. Kids, unfortunately, tend to outgrow clothing faster than they wear it out. Try to estimate how much you spend in a year on clothes - say, 2 pairs of shoes, a pair of jeans, a shirt, a new coat every 2 years. Then, spread this amount over 12 months and put some aside each month.
 - b. Medical expenses: This would be those expenses not covered by insurance. If you have no dental insurance, two in the household, and figure you should see the dentist twice a year for a check-up and cleaning guess what it would take and spread that amount over 12 months. (2 people x 2 visits x \$50/visit = \$200 per year or about \$17 per month to be set aside.) Another item to include is the deductible or co-pay portion of your medical insurance.
 - c. Vehicle repair: Unless you are incredibly lucky, you need to change the oil in the car every once in a while; the tires will wear out and the muffler will eventually fall off. Let's plan ahead, and put money back in anticipation of these expenses.
 - d. Gifts: No matter what, birthdays, anniversaries and holidays come all too often. Even if you are a card and small gift giver, plan ahead for these expenses.
 - e. Short term savings: This might cover emergency funds (like the refrigerator just died and we have to fix or replace it) or vacations or a simple 'slush fund' of readily available money.
 - f. Long term savings: Think of this as paying yourself. Put money here for long range goals - retirement, down payment on a home, a new car, school. This is where you really look to the future.
7. What do you do with the money set aside for non-monthly expenses, or in anticipation? That's up to you, but I suggest a savings account that is hard to get to, like the bank at the other end of town, or your credit union. This way you won't be so tempted to "raid the till" except for its intended purposes. Perhaps this money can be withheld from your pay and sent directly to your savings account each payday. Whatever you do, be sure to include these items in your budget and put money aside for them! Not doing so can throw all of your careful figuring totally out of balance.
8. To use the attached budget worksheets follow these simple steps:
- a. Determine the paydays for the month, and how much you anticipate receiving each time. Enter this information in the appropriate spots at the top of the form.
 - b. Next, beside each suggested expense area fill in your budgeted amount. If there is a due date involved, write it in.
 - c. Distribute expenses for the month under the appropriate column, taking into account expected income and other expenses for that pay period as well as due dates. Bills should be budgeted for payment on or before the due date. For this reason, you might consider making your budget month start with the last pay period of the month instead of the first pay period (most rent and house payments are due on the first of the month.) If there is not enough money in a pay period to pay a given bill you may have to use two periods to cover the expense.

Budgeting is unique to each and every person. What works for me may not work for you. The important thing is that you gain an understanding of what a budget is, and what a budget can do for you. How you implement a household budget will become a matter of personal choice. Remember that a successful budget is one that you interact with, and continually update - it only takes a few minutes each week to make a budget work.

MONTHLY LIVING EXPENSES

On this page please list your average monthly living expenses. For weekly expenses (such as child care) multiply the weekly expense by 4 and use that figure. For annual or similar expenditures (such as license plates) divide the cost by the number of months it covers (for license plates, 12). For utilities either use the budget payment amount or the average for the past year.

HOUSING & UTILITIES

Rent/house payment ... _____
2nd mortgage _____
RE taxes..... _____
Homeowners insurance _____
Home repairs/maint. _____
Phone _____
Electric _____
Gas _____
Water _____
Water softner _____
Sanitation..... _____
Trash pickup _____
Cell phone..... _____
Beeper/pager _____

FOOD

Groceries _____
Meals at work _____
Meals out _____
School lunches _____

AUTO

Car payment..... _____
Car payment..... _____
Car insurance _____
License plates..... _____
Gasoline..... _____
Car repairs _____

INSURANCES (not payroll deducted)

Life _____
Health _____

HEALTH (out of pocket expenses)

Medical..... _____
Dental _____
Prescriptions _____

PERSONAL CARE

Hair care..... _____
Toiletries _____

CLOTHING

New clothing purchases _____
Laundry _____
Dry cleaning _____

DEPENDENT CARE

Child support _____
Childcare _____
Disposables etc. _____
Other _____

EDUCATION

Tuition..... _____
School books _____
Student loans _____

ENTERTAINMENT

Cable _____
Recreation, Vacations . _____
Private lessons _____

OTHER

Church or charity _____
Tax repayment _____
Allowances _____
Union dues..... _____
Newspaper _____
Subscriptions _____
Pets..... _____
Health club _____
Rent to own stores..... _____
Lottery _____
Cigarettes..... _____
Internet access fees _____
Bank service fees _____

