



Consumer Credit Nationwide

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Basic Budgeting

What is a budget?

Webster says, "A PLAN ADJUSTING EXPENSES TO INCOME" or ESTIMATED COST OF LIVING OR OPERATING."

Our working definition: A PLAN FOR WHAT WILL BE PAID, SPENT, AND SAVED OUT OF EACH PAYCHECK.

What isn't a budget?

Cashing your paycheck and spending it.

Spending money before you earn it (post dating checks or borrowing)

Why should you budget?

Budgeting puts you in control of where your money goes, instead of letting it be controlled by other forces. Budgeting can help you achieve financial goals.

Steps to Developing a Budget

**** Determine your take-home income.** Express it as a monthly number. If you are not paid the same every month, use an average.

**** Determine your expenses.** Include fixed, variable, periodic, and installment expenses. Express as a monthly number.

**** Are your expenses within your income?** Compare the monthly numbers.

**** If not, figure out where to adjust.** Do you need to increase income or lower expenses, or both? Which things are **NEEDS** and which are **WANTS**?

**** Schedule expenses.** Start with expenses with fixed dates, and then fit in the others. You want a list of what gets done with each paycheck.

**** Stick to the schedule.** Make sure everybody in the family knows the rules. Avoid temptations like using the ATM card, credit card and impulse buying. Set up a system to save for periodic expenses, emergency fund and other goals.