

Budgeting

What is a budget?

A budget is a money plan. It is like a blueprint of how much money you earn and how and where you spend it.

Why should I budget?

Whether you have a lot of money or just a little, a budget can help you in many ways:

If you have a budget and stick to it, you will be less likely to waste your money during random daily spending.

A budget can help you reach a financial goal because it controls how much you spend and how much you save.

Budgets can help eliminate many money surprises because you've planned ahead and know what to expect each month.

No matter if you are young or older, you can start budgeting now in order to build the habit.

Budgets help you see exactly where your money goes.

How do I budget?

When you are setting up a budget, you first need to decide if you're going to use a weekly or monthly budget. If you get a weekly paycheck, go for a weekly budget.

Start with how much money you get each week. Figure in all the income you generate in jobs that you get paid for doing.

Next, figure out what you *need* to pay for with this money. Do you need to cover the rent or the house payment? Who pays for food in your household? How does your spouse get to work – do they need bus fare? List these expenses under "needs".

[Type here]

Finally, figure out what you *want* to spend your money on. Do you have a specific plan for your ministry? Do you want to do the work of a pastor for free in your ministry instead of being paid? Is there something larger that you'd like to save up for? List these expenses under "wants".

Add up the totals and see if you have enough money each week to cover these expenses. If not, you'll have to figure out where to cut expenses to get your spending equal to or less than your income.

Weekly Income:

Needs:

Wants:

[Type here]

Where Does the Money Go?

When you're not paying attention to your spending, it can be difficult to understand where the money goes. Try this exercise to help you see how much it really costs for the things you enjoy.

Look at the following list. These are common household expenses and how much they cost per month on average.

Electricity:	\$100 / month
Groceries:	\$50 / month per person
Cable:	\$80 / month
Internet:	\$40 / month
Gas:	\$120 / month

Now, write down one thing that you like to buy with your money:

How much does one cost? _____

Pick two items from the above list. Figure out how many of things you listed it would take to pay for this monthly bill.

For example: Maybe you like to give monetary help to your sister. It costs you \$100 every month just to help out a little with her bills. That means it would cost you the same as your electricity bill each month. Can you find the money for that?

Here's another one: Maybe you like to go weekly to a park where the admission is two dollars for each member of your family (Let's say you have five people in your family.) What can you eliminate from your necessities to be able to enjoy the park each week?