

Budgeting

Tips and Tricks

- Make your budget realistic. There is no point in setting strict spending limits if you haven't a hope of meeting them.
- Your budget should be comprehensive, but simple. It should include all of your expenditures over the course of a year. But don't make it so detailed it takes hours to keep your records up to date.
- Your budget should be flexible. Your estimates may be higher or lower than expected or your expenses and income may change. This is normal. You should regularly review your budget when necessary so it meets your needs.
- Be prepared to make sacrifices. Chances are you will have to cut back on some of your expenses in order to meet your goals. At first this may be difficult, but as you watch your money grow and you get closer to meeting your goals, it will get easier.
- Have an emergency fund! There are some things you can't plan for like car repairs. Make sure you have some money set aside for an emergency.

The Basic Steps

1. Are you saving for a car, college/university, a new outfit? Write down your goals and when you would like to achieve them, for example in a month, in a year, in two years.
2. The next step is to see what you have to work with....If you have a job or an allowance, you can calculate your monthly income. You may also want to include gifts of money as part of your earnings.
3. How much do you spend in a month? Track your spending for a month to find out. Just buying a pop and a chocolate bar every day can set you back about \$60 a month. On the Government of Canada's website you can fill out "the real life budget" to get a basic budget.
4. Hopefully after this exercise you'll discover you earn more than you spend. If not, you need to look closely at what you spend your money on and try and cut back.

Here are some suggestions:

- Try to find things you can do for free like:
 - ✓ Going for a walk in the park
 - ✓ Inviting friends over for a games night or to play your favorite sport
 - ✓ Go to a museum or art gallery
 - ✓ Volunteer at a local organization in which you are interested
 - ✓ Borrow a movie, tape, CD or book from the library
- Go to the movies on cheap night or rent a movie instead
- Instead of buying your lunch, make something at home
- Shop around for the best prices or try second hand stores or e-bay for great bargains

- Always shop with a list and stick to it so you don't end up buying unnecessary items
 - If you're a smoker, quit smoking!
5. Think about getting a job if you don't already have one.
 6. The next step is to write out a monthly budget for a year. Realistically write down all of your expenses including food and snacks, magazines, books, school supplies, movies/DVDs, entertainment such as going to the movies, clothes, sports equipment, etc. Normally a budget includes the following:
 - Rent/mortgage
 - Utilities like heat, telephone, electricity
 - Food
 - Household goods like soap, cleaning products, toilet paper
 - Clothing
 - Medical expenses
 - Insurance
 - Education/Tuition
 - Transportation
 - Donations
 - Gifts
 - Household maintenance like repairs, furniture, etc.
 - Hobbies, entertainment
 - Vacation savings
 - Personal maintenance like cosmetics and hair care
 - Other – miscellaneous items such as pet care, plants, art, etc.
 7. Now estimate how much you can reasonably expect to spend in each of these categories every month.
 8. How much money do you have left over each month after expenses? What are you going to do with it? Hopefully, you will decide to save it in order to meet the goals you outlined in step one. You may have to readjust your deadlines to meet your goals.
 9. After you are satisfied with your budget, begin making regular entries of your actual expenditures in each expense category. You may need to readjust your budget for example, if you find you are spending more in some areas and less in others.
 10. Remember to keep reviewing and revising your budget to keep it up to date.