

BUDGETS ARE NOTHING TO BE AFRAID OF – 10 TIPS TO BUILD A BETTER BUDGET

Do you equate budgeting with trying to calculate when two trains traveling at different speeds will collide? Never fear. Your personal budget can be simple. The Oklahoma Society of Certified Public Accountants (OSCPA) offers these 10 tips to take the fear out of the “b” word.

1. **Determine what you earn.** How much money do you have available to spend? Using your paystubs, calculate what you make each month after taxes. You can factor in any additional income, like alimony or child support, but only if that money isn’t already earmarked for something else (like tuition, insurance, etc.)
2. **Determine your expenses.** Add up any fixed expenses, such as mortgage or rent, utilities, car payment, insurance, gas, medical expenses, student loan repayments, streaming services, cell phone bills and credit card payments. Now, estimate other expenses that can vary from month to month. This would include food, clothing, entertainment and other miscellaneous items. Write it all down in a list so you have a clear picture of what you expect to spend every month.
3. **Track casual spending.** These are miscellaneous items that are not vital to your survival, such as the \$10 you spent on lunch, the candy bar and soda you picked up at the gas station or your favorite cup of gourmet coffee. It’s important to start tracking these as part of your budget. You’ll be surprised at how quickly a dollar here and there can add up.
4. **Calculate.** Subtract your expenses and casual spending from what you earn.
5. **Compare needs versus wants.** You need shelter, food and clothing. But within these major needs, wants can worm their way in to your spending. You need a home, but do you need a six-bedroom home? You need a car, but do you need a Mercedes-Benz when a Kia will get the job done? It’s best to do some hard comparisons about needs and wants and be honest with yourself about what you can afford.
6. **Get your budget on track.** Now that you can see where your money is going, develop a plan to meet your financial goals. Create a monthly spending plan that incorporates your income and expenses. Aim to spend only 80% of what you make, leaving 10% for saving toward your goals, like a vacation, at least 5% for retirement/nest egg savings and 5% for charitable donations.
7. **Create an emergency fund.** Once you have created a budget and you’re sticking to it, use some of the 10% you’re saving to build an emergency fund. Experts recommend having three to nine months of living expenses on hand for unforeseen circumstances, such as car repairs, loss of job, health emergencies, etc. When the emergency fund is in place, you can start to put more money toward retirement savings.
8. **Get the family involved.** Everyone who is affected by the family budget should be a part of the budget-making process. What are your goals as a family? Saving for a vacation? Adding a pool? Getting a new pet? Talk about what you want to accomplish, research associated costs and plan what it will take to save the money to reach your goal.
9. **Review and monitor.** A budget is not set in stone. It’s important to update your budget with your new goals and life events. In the future you may get a raise or have a baby, but don’t forget about the big picture and what you are working toward. You should review your budget each month and continue to compare actual expenses to what you planned for in the budget.
10. **Don’t panic; do something.** If you feel overwhelmed with your spending and you aren’t sure how to regain control of it, there are ways you can get help. You can ask your bank to put you in contact with a financial advisor. You can download an app like Mint or You Need a Budget which lets you input your financial information and helps you create a budget.