

LIVING ON A BUDGET - THE INS AND OUTS OF BUDGETING

WHERE IS YOUR MONEY COMING FROM?

START BY EXAMINING ALL OF THE WAYS IN WHICH YOU EARN AND RECEIVE MONEY

Not just from employment, but any predictable sources from which you would expect to receive money from. A budget is a plan about how you will spend the money you earn, not how to earn what you spend: it all starts with the income.

THE MONEY YOU REGULARLY RECEIVE FROM A STEADY JOB, OR FROM MULTIPLE JOBS, FORMS THE STARTING POINT FOR MOST BUDGETS

When your paycheck varies slightly from month to month, use the average amount. When you work inconsistent hours and therefore your weekly pay is somewhat unpredictable, use the minimum amount that you think you will be guaranteed to get. It is better to be safe and have more money available than sorry and not have enough to cover your planned expenses.

CONSIDER MONEY THAT VARIES FROM WEEK TO WEEK, OR MONTH TO MONTH

You may earn tips or commissions as part of your employment income. Use an amount that you can rely upon, an amount that you are most likely to receive each pay period. Side jobs, and non regular contract work are great ways to build up an emergency fund, save towards your goals or finally purchase some of those wants that you delayed purchasing.

DON'T FORGET NON-JOB RELATED SOURCES OF MONEY

You might be able to access money from federal and provincial government programs and scholarships or bursaries. If you are able to receive funds from these sources, insert the amounts into the months in which you receive them.

WHERE IS YOUR MONEY GOING?

ONCE YOU HAVE IDENTIFIED THE WAYS IN WHICH YOU MIGHT RECEIVE MONEY, EXAMINE ALL OF THE WAYS IN WHICH YOU ARE LIKELY TO SPEND IT

SOME OF YOUR EXPENSES, LIKE RENT AND INSURANCE, MIGHT BE THE SAME EACH MONTH

Not only are these amounts regular, but they usually involve a contract of some sort. Your spending in these areas will match the amounts you allocated.

OTHER EXPENSES, LIKE FOOD AND UTILITIES, MAY VARY FROM MONTH TO MONTH

How you spend money on these expenses will determine the success of your budgeting.

YOUR NEEDS AND WANTS PLACE DEMANDS ON HOW YOU SPEND YOUR MONEY

Some Needs (rent and car payments) and Wants (subscriptions and memberships) have regular constant amounts. You have very little immediate control over how much you are going to spend. Some Needs (like food and vehicle fuel) and Wants (entertainment and leisure) are inconsistent amounts. The amounts you **MUST** spend to meet your variable Needs will have an immediate effect on how much money is available to be spent on your variable Wants. These fluctuations in your variable expense can cause you to quickly go over your budget.

VARIABLE LOANS RATE LOANS CAN HAVE AN IMMEDIATE AND DRAMATIC EFFECT ON YOUR BUDGET: IN BOTH DIRECTIONS

Pay attention to news pertaining to rates and lock in your loans.

CREATE YOUR BUDGET**TRACK YOUR INCOME AND EXPENSES FOR TWO MONTHS**

Keep an accurate record of your purchases. You may be surprised when you learn how much money you are spending in certain areas: daily coffees can add up quickly.

SELECT THE CATEGORIES YOU WANT TO USE TO DESCRIBE YOUR SPENDING HISTORY

This describes you and your spending, so there is no 'Mastery List of Categories', but rather a list of categories that describes you and a list you can easily interpret. Too many categories can result in some categories being over spent and others have no spending, only to reverse themselves the following month. Example: Do you need Leisure, Entertainment, AND Dining-out or would recording all of these into one category be better for you? Too few categories will make it hard to monitor why you are overspending. Most people's categories will include Housing, Food, and Transportation, Clothing, Health & Personal Care, and Savings. As well as one or more accounts to capture money spent on having fun.

DETERMINE HOW MUCH OF YOUR INCOME YOU ARE GOING TO SPEND IN EACH CATEGORY

Remember your Needs get allocated first, you must be able to pay these. Next allocate any Wants that have contracts or automatically recurring amounts. The remainder of your money can be allocated into the remaining categories. Don't forget your Savings.

A BUDGET IS LIVED EXPERIENCE, NOT A JUST CREATED DOCUMENT

Track of all the money that comes in and out of your bank account daily. As the month progresses, compare your spending against your plan. Waiting until the end to see you have over spent is not helpful and can lead to problems the at the end of the month. As you near the Budgeted amounts, reduce or stop your spending in that area if possible or in other areas if not possible. If a Need has reached its budgeted amount, you might not be able reduce spending here, you may need to stop spending in a Want. Buying groceries when your cupboard is empty should have a higher priority than going to a movie theater.

ADJUST YOUR BUDGET OVER THE NEXT 2 MONTH UNTIL YOU HAVE A REALISTIC BUDGET THAT REFLECTS YOUR TRUE SPENDING HABITS***CONTINUE BUDGETING BY MONITORING AND ADJUSTING YOUR SPENDING EACH MONTH***

If you do not track your spending habits, you will run the risk of overspending and not being able to reach your financial goals.

REVISE YOUR BUDGET TO REFLECT CHANGES IN YOUR INCOME (CHANGES IN EMPLOYMENT OR FUNDING) OR EXPENSES (CHANGE IN LIFESTYLE, INFLATION)

Monitor and fine tune the new budget over the next few months.

USE A PLANNING METHOD THAT WORKS FOR YOU

Options include: Phone Apps, your Banking App, spreadsheet, and pencil and paper. It should be a method or system that you find easy to use, understand and adjustable to match you and your lifestyle.

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