

# budgeting: control your cash flow

**S**ticking to a budget is a great way to save money while still enjoying the things you love. Budgeting can be tailored to fit your needs, but the goal is usually the same: **improving your financial stability and keeping you in control of your cash.**



**Identify your goals.** To begin a budget, look at the long- and short-term goals you're saving for. Saving for a vacation in the short term or working to pay off credit card debt is an example of a short-term goal. Buying a house or saving for retirement would be a long-term goal.

**Track Your Money Movement.** List all your sources of income, such as salary, freelance work, or side jobs. Then, determine your monthly costs, such as rent, utilities, groceries, and other frequent expenses.

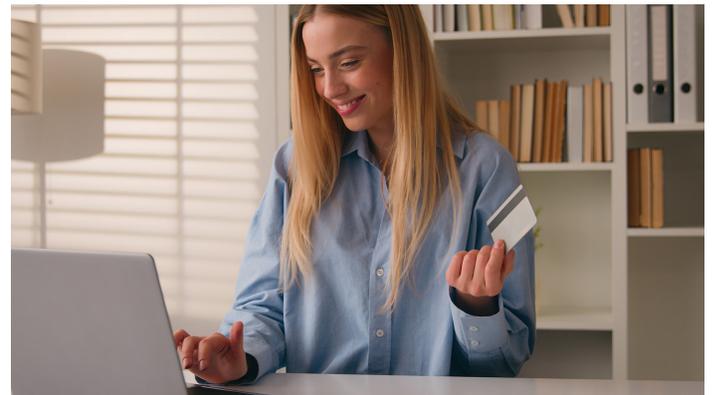
**Organize!** Assign your expenses to a category. For example:

- **Fixed Expenses.** Costs that remain the same each month.
- **Variable Expenses.** Costs that can change month to month.
- **Non-Essential Expenses.** Bonus costs for dining, entertainment, hobbies, etc.

## Pick your path.

- **Pay-Yourself-First Budgeting.** A “reverse” budget puts savings over immediate expenses. The amount you can spend is predetermined, and the rest goes into savings.
- **The 50/30/20 Rule.** Allocate 50% to needs, 30% to wants, and 20% to savings or debt repayment.
- **Envelope System.** Divide your cash into physical envelopes dedicated to different expenses/savings.
- **Zero-Based Budget.** Take your monthly income and use every dollar deliberately — for things like groceries or rent — until there are no dollars left.

No matter which option you choose, it can be helpful to reevaluate at the end of each month. Identify what went well and what could be improved to then make adjustments.



**think small.** Quite often the problem is that we start with the best of intentions, but we set the bar too high, which causes us to give up.

Maybe instead of saving \$50 a week, it's \$25 a week that is **sustainable.**

— Suze Orman, bestselling author on personal finance

