



10 steps to create a real-life budget

Take control of your hard-earned dollars with a budget.

- 1. List your total monthly income.** This is your take-home pay, but it also includes additional recurring income.
- 2. Add up monthly expenses.** Create categories based on recurring necessities, such as savings, rent or mortgage, electricity, phone, and insurance. Then add groceries/food, transportation, clothing, entertainment, and “other.”
- 3. Identify infrequent expenses.** If you pay your car insurance every six months, calculate how much you’ll need to save monthly to make the next payment. Then add that amount to your list of monthly expenses.
- 4. Turn emergencies into planned expenditures.** Estimate how soon costs like new tires, car maintenance, or home repairs might come up. Then determine how much you’ll need to save each month to be ready for them.
- 5. Review your past bank and credit card statements.** Look for other expenses that haven’t been categorized yet so you can account for every single expense over the course of a month.
- 6. Subtract your total monthly expenses from your monthly income.** If your income is larger than what you spend, congratulations! You’re where you need to be—and you can skip the next step.
- 7. Figure out what to cut.** The goal is to reduce what you spend each month to equal (or fall below) your monthly income. Focus on things that make life more comfortable that you can live without.
- 8. Use the upcoming month to track progress.** Record all your transactions with a budgeting app or spreadsheet. This will help you understand the choices you make and allow you to adjust as you go.
- 9. Review and revise.** Count everything, and double-check bank statements. Now you can find areas for improvement.
- 10. Reward yourself.** Reflect on what’s worth your hard-earned dollars, and add a special line item to reward yourself.



**Learn more
about wellness**

Go to
[Blog.PacificSource.com](https://blog.pacificsource.com)

