10 Steps for a Real-Life Budget

Take control of your hard-earned dollars. With a thoughtful plan, you're able to prepare for surprises, reduce money worries, and save. Here are 10 steps to start budgeting for real life:

1. **List your total monthly income.** This is your take-home pay, but it may also include other ways you receive money on a recurring basis.
2. **Add up your monthly expenses.** Create categories: Start with recurring necessities that don't really fluctuate, then groceries, transportation, clothing, entertainment, and "other."
3. **If applicable, don't forget other less frequent expenses.** If you pay car insurance every six months, calculate how much to save monthly and add the amount to your monthly expenses.
4. **Ponder what's on the horizon.** What were once considered emergencies can become planned expenditures. Adding these realities to your monthly budget is empowering.
5. **Review past bank statements.** Are there other expenses that haven't been categorized yet? Account for every single expense during the course of a month.
6. **Subtract your monthly expenses from your monthly income.** If your income is larger than what you spend, congratulations—you can skip the next step!
7. **Decide what to cut.** Reduce what you spend each month to fall below your monthly income. Separate your needs and wants. Be diligent and honest about creature comforts.
8. **Start tracking progress.** Engage! Create a system to save all your receipts (or write down transactions). Zeroing in on where your money is going helps you control the choices you make.
9. **Review and revise.** It's one thing to keep track of your expenses; it's another to reconcile the totals by each category at the end of the month—and then see victories and areas to improve.
10. **Think about how you want to reward yourself.** Once you've become more conscious about where your money is going, align your spending goals with your values.

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