



How to build a personal budget

ebook


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> Introduction

A personal budget is incredibly important for everyone who has to manage their own finances. The need to make a budget stems from the visibility it provides into your short- and long-term income and spending. With a budget, you can be confident in knowing where your money goes and make adjustments that don't leave you spending more than you make or taking money away from key obligations like retirement savings and rent or mortgage.

Building a personal budget requires a little time and effort to set up, especially when starting from scratch. However, once you've built your budget, it only requires brief updates and can stay with you for many years to come. Consider this advice to build an effective, accurate budget that can guide your financial decision-making far into the future.




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➤ The personal budget basics

A common budgeting question for beginners is a vital one: Where should I start? There's no one single approach that will work for everyone, as there are a variety of paths to take to a finished budget. No matter your personal strategy, you need to bring together your bank and credit card statements, some recent pay stubs – or their digital equivalent – and a list of all your known expenses as you begin. Make sure to have information about every source of income, including investments, second jobs and many other potential sources.

It can seem daunting to list out all of your monthly spending, as there are many occasional and small expenses that can be hard to recall. To combat this issue, look for a shared or downloadable budget template you can fill in via a spreadsheet program like Google Sheets or Microsoft Excel. Not only will this automate the calculations and save you time, but it will also list out many common expenses.



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➤ Building a living budget



Looking at the differences between a yearly and monthly budget can help you find areas where more attention is needed.

Your budget likely won't be fully complete after the first time you sit down to build it, even if you invest several hours. And that's OK. Income levels and sources, expenses and discretionary spending can all change over time. Create your budget, update it whenever a change occurs, and conduct a more thorough general review at least a few times each year to look for any discrepancies.

You can also create a yearly budget that takes a longer view of your finances and also offers a valuable comparison for your monthly budget. Dealing with variable expenses – groceries, going out to eat, gasoline and others – can mean imperfections in long-term budgeting. Looking at the differences between a yearly and monthly budget (simply multiply your expenses by 12) can help you find areas where more attention is needed.

➤ Adjusting your budget for better financial security

Visibility into spending is powerful, but the largest benefit conferred by maintaining a budget is likely the ability to make adjustments that create positive change. For example, your budget can help you identify that you spend too much on entertainment and other discretionary categories. You can adjust your spending to funnel more money into your emergency account or retirement savings – or even long-term savings for a vacation or major purchase.

Your budget gives you clear insight into where your money goes. As long as you can manage expenses, bring in sufficient income and have clear goals, you can make a wide variety of beneficial adjustments, large and small.



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To learn more,
get in touch
with us today!



➤ Making the most of budgeting with efficient and secure personal banking choices

With a strong, regularly updated budget in hand, you can make wise choices about how you securely store, spend and invest your money. TAB Bank is here to offer a variety of personal banking options that help you meet your financial goals. Whether it's having a savings account to set aside your emergency fund, a CD that allows you to safely grow your savings as you put money aside for a large purchase or a checking account that allows you to manage your monthly bills, we're here to help you. To learn more, get in touch with us today.



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