

**How to Create a Budget  
and  
How to Create a  
Budget Envelope System  
Tutorial**

**Scroll to Start Tutorial**

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Here you will learn how to create a monthly household budget and how to use that budget to setup a money tracking system called the budget envelope system.

### **Step 1: Understand What's a Budget.**

A budget is simply a worksheet or form you create that lists all of your monthly expenses. See sample budget below for example.

Scroll to get to sample budget.

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### Sample Monthly Household Budget Forms

	<b>Amount</b>
<b>Mortgage/Rent</b>	<b>\$ 750.00</b>
<b>Automobile Loan</b>	<b>\$ 250.00</b>
<b>Credit Cards</b>	<b>\$ 100.00</b>
<b>Student Loans</b>	<b>\$ 150.00</b>
<b>Electricity</b>	<b>\$ 150.00</b>
<b>Water/Sewer</b>	<b>\$ 50.00</b>
<b>Home Telephone</b>	<b>\$ 50.00</b>
<b>Cable Service</b>	<b>\$ 50.00</b>
<b>Internet Service</b>	<b>\$ 25.00</b>
<b>Automobile Insurance</b>	<b>\$ 100.00</b>
<b>Life Insurance</b>	<b>\$ 50.00</b>
<b>Groceries</b>	<b>\$ 300.00</b>
<b>Gasoline</b>	<b>\$ 125.00</b>
<b>Lunch</b>	<b>\$ 50.00</b>
<b>Public Transportation</b>	<b>\$ 25.00</b>
<b>Child Care</b>	<b>\$ 400.00</b>
<b>School Expense</b>	<b>\$ 50.00</b>
<b>Entertainment</b>	<b>\$ 50.00</b>
<b>Toiletries</b>	<b>\$ 50.00</b>
<b>Savings</b>	<b>\$ 100.00</b>
<b>Allowances</b>	<b>\$ 50.00</b>
<b>Emergency Cash Reserve</b>	<b>\$ 100.00</b>
<b>Total</b>	<b>\$3025.00</b>
<b>Total Income</b>	<b>\$3025.00</b>

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## **Step 2: Explaining Why a Budget is Necessary.**

The purpose of a budget is for you to be able to track where your money should go and how much goes out each month. Take a look back at the sample budget to see how that works. From there you can see what's happening with your money every month.

## **Step 3: Know Your Monthly Income.**

You have to know your total monthly income in order to setup a budget. If you haven't already, you might want to print this form before starting.

Fill out the monthly income worksheet below. This list consists of many streams of income you might have.

### **Here's how to do it.**

1. Check off only the income that applies to you and your household.
2. Put the income amount beside each
3. Add them together to get a total income.

Scroll to see monthly income tracker worksheet.

## Monthly Income Worksheet

	Amount
<input type="radio"/> Your Salary and Spouse Salary	\$
<input type="radio"/> Bonuses	\$
<input type="radio"/> Tips	\$
<input type="radio"/> Unemployment	\$
<input type="radio"/> Interest from investments	\$
<input type="radio"/> Interest from savings accounts	\$
<input type="radio"/> Small business income	\$
<input type="radio"/> Part-time jobs	\$
<input type="radio"/> Tax Refund	\$
<input type="radio"/> Pension income	\$
<input type="radio"/> Annual garage sales	\$
<input type="radio"/> eBay sales	\$
<input type="radio"/> Rental property income	\$
<input type="radio"/> Alimony	\$
<input type="radio"/> Child support	\$
<input type="radio"/> Seasonal income	\$
<input type="radio"/> SSI	\$
<input type="radio"/> Social Security	\$
<input type="radio"/> Winnings	\$

○ Royalties	\$
○ Rebates	\$
○ Other Income	\$
<b>TOTAL MONTHLY INCOME</b>	\$

Scroll for next step

## **Step 4: Assessing Your Expenses**

You might want to print this list to complete this task.

Anyway, take a look at the expense list below. And as you do, check off any expense that you have. These expenses will be placed on your budget. Remember your monthly budget may not have the same expenses each month; therefore you will have to adjust your budget each month.

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**Scroll to see a list of expenses.**

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## **HOME CATEGORY**

- Rent
- Mortgage
- Homeowner Insurance
- Rental Insurance
- Property Taxes
- Home Improvement
- Home Maintenance
- Home Repair
- HOA Dues

## **TRANSPORTATION CATEGORY**

- Automobile Payment
- Gasoline/Oil
- Automobile Maintenance
- Automobile Repairs
- Automobile Insurance
- Taxis
- Public Bus/Rail Transportation
- Tolls
- Other Transportation Expense

## **UTILITIES CATEGORY**

- Electricity
- Water
- Sewer
- Natural Gas or Oil
- Other Utilities Expense

## **DEBT REPAYMENT CATEGORY**

- Student Loans
- Personal Loans
- Credit Cards
- Furniture
- Other Loans

## **DONATIONS CATEGORY**

- Tithes and Offering
- Church Dues
- Charity
- Gifts

## **MEDICAL AND HEALTH CATEGORY**

- Health Insurance (medical, vision, dental)
- Over the Counter Medication

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- Prescription Medication

### **FAMILY OBLIGATION CATEGORY**

- Daycare/nursery
- Baby Sitting
- Child Support
- Alimony
- School Supplies

### **FOOD CATEGORY**

- Groceries
- Dining Out
- Lunches
- Snacks

### **INVESTMENTS AND SAVINGS CATEGORY**

- Bank Savings Account
- Emergency Fund
- IRA
- 401K
- Mutual Funds
- Stocks
- Bonds
- College Funds
- Other Investment and Savings

### **PETS CATEGORY**

- Pet Food
- Vet Visits
- Grooming/Boarding

### **CLOTHING EXPENSE CATEGORY**

- Purchases
- Dry Cleaning and Laundry
- Alterations

### **RECREATION AND ENTERTAINMENT CATEGORY**

- Home Telephone
- Cell Phone
- Internet/Computer
- Video/Movie Rental
- Cable TV
- Satellite TV
- Theaters

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- Subscription Dues
- Hobbies
- Sports Activities
- Vacation/Travel

**MISCELLANEOUS CATEGORY**

- Household Items/Toiletries
- Personal Grooming Expense
- Maid Service
- Car Wash Service
- Personal Trainer
- Chef

Scroll for next step.

## Step 5: Creating the Budget

Once you have checked off each expense you have for your current monthly budget, you can start using the blank budget worksheet below to start your budget.

1. Take the total income from your income worksheet and place on the budget.
2. Gather all your monthly bills (current monthly statements will work best)
3. Take the items from the expense sheet and place on the budget.
4. Beside each item write how much money you will spend on each one.
5. Then subtract your current monthly expenses from your current total monthly income.
6. If you have a negative you should adjust some of your expenses to fit your income.
  - You should always pay the billed amount on all creditors each month.
  - You can adjust all other expenses except creditors.

Scroll to start budget.

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Well this is the end of this budget tutorial. But remember to keep your budget updated monthly. And you must make the proper adjustment in order to keep your personal finances in order.

Next you will learn how to use your monthly budget to keep track your money and to make sure your creditors are being paid each and every month.

Scroll to start the budget envelope tutorial

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# **The Envelope Budgeting System**

## **A Bill and Money Tracking System**

This is one of the most amazing money tracking system around. I've been using it for a long time and it really works well for me.

### **Here are the steps**

**Step: 1 Buy some envelopes.**

Legal size works best for me.

**Step: 2 Using your current budget make an envelope for each expense on your budget.**

**Step: 3 When any one of your monthly streams of income come in, place the right amount of money in the each by using the budget you created.**

**Step 4: When a bill is due, you simply take the envelope for that bill and pay it.**

**For example,** let's assume it's time to buy groceries. You take the money only from the grocery envelope and go buy groceries. Once that money from the grocery envelope becomes empty then you are finish spending money on groceries for that month.

**Step 5: While you are using this system try to think of ways to cut back on spending.**

If you do you will have some money left over in some of the envelopes.

### **Some things you can do with the left over money.**

- Consider placing the left over money into the emergency cash reserve envelope and deposit it in a savings account at your local bank or credit union.
- Consider paying down some of your debt with it.

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**Step 6: Using the same envelopes, start the process over month after month.**

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