
The Personal Budget

The basic purpose of a personal budget is to plan how an individual's money will be spent. Given limited financial resources, a budget is a method of managing personal cash flow, to both meet current needs as well as saving for the future.

Reasons to Prepare a Personal Budget

- **A planning tool:** Correctly used, a personal budget can insure that income and expenditures match, both in amount and timing. It can serve to spotlight potential cash-flow problems, as well as identify opportunities to make better use of current income.
- **A yardstick to measure progress:** By comparing the planned budget against actual results, an individual can see if progress is being made toward meeting specific goals. This measuring process will often highlight areas where changes should be made.

Preparing a Personal Budget

- **Past income and expenditures:** This initial step is to record information on past cash flow, both income and spending. Ideally, a year's worth of data should be gathered, to even out the effect of seasonal variations. Paycheck stubs, check registers, cancelled checks, copies of paid bills and recent income tax returns are excellent sources of this information. If desired, an individual may want to keep a daily spending diary for a short period of time.
- **Set goals:** Clear goals should be set, with both specific dollar amounts and a realistic time frame for accomplishing each goal. A goal can be as simple and immediate as making ends meet each month, or as complex and long term as planning for retirement.
- **Maintain records:** Perhaps the most difficult part of the budgeting process is consistently keeping adequate monthly records of income and expenditures.
- **Periodic review:** A periodic review, comparing the planned budget with actual results, provides a means of measuring progress toward an individual's goals. The review will usually indicate if changes should be made, either in income, expenditures or both.

The Personal Budget

National Spending Patterns

How does your spending compare with these broad national budget averages?¹

	National Spending
Food	12.6%
Clothing and Services	3.3%
Housing	33.4%
Personal	19.1%
Medical	8.0%
Transportation	17.0%
Other	6.6%
Totals	100%

¹ Source: Bureau of Labor Statistics, Consumer Expenditures 2013 September 9, 2014.

The Personal Budget Worksheet

Name: _____

Period covered - From: _____ To: _____

Item	Historical	Current Budget	Current Actual	Difference
Debt, savings and investment				
Credit and charge cards	\$ _____	\$ _____	\$ _____	\$ _____
Other installment loans	\$ _____	\$ _____	\$ _____	\$ _____
Education fund	\$ _____	\$ _____	\$ _____	\$ _____
Retirement	\$ _____	\$ _____	\$ _____	\$ _____
Other savings goals	\$ _____	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____	\$ _____
Total debt, savings, etc.:	\$ _____	\$ _____	\$ _____	\$ _____
Food				
Home consumption	\$ _____	\$ _____	\$ _____	\$ _____
Outside the home	\$ _____	\$ _____	\$ _____	\$ _____
Total food:	\$ _____	\$ _____	\$ _____	\$ _____
Clothing				
Clothing and shoes	\$ _____	\$ _____	\$ _____	\$ _____
Cleaning, laundry	\$ _____	\$ _____	\$ _____	\$ _____
Jewelry, watches, etc.	\$ _____	\$ _____	\$ _____	\$ _____
Total clothing:	\$ _____	\$ _____	\$ _____	\$ _____
Housing				
Rent or mortgage	\$ _____	\$ _____	\$ _____	\$ _____
Real estate taxes	\$ _____	\$ _____	\$ _____	\$ _____
Insurance	\$ _____	\$ _____	\$ _____	\$ _____
Furniture and furnishings	\$ _____	\$ _____	\$ _____	\$ _____
Appliances	\$ _____	\$ _____	\$ _____	\$ _____
Cleaning, repairs and maint.	\$ _____	\$ _____	\$ _____	\$ _____
Electricity, gas and heating	\$ _____	\$ _____	\$ _____	\$ _____
Water and sewer	\$ _____	\$ _____	\$ _____	\$ _____
Telephone, cable	\$ _____	\$ _____	\$ _____	\$ _____
Other housing	\$ _____	\$ _____	\$ _____	\$ _____
Total housing:	\$ _____	\$ _____	\$ _____	\$ _____
Totals for this page:	\$ _____	\$ _____	\$ _____	\$ _____

The Personal Budget Worksheet

Name: _____

Period covered - From: _____ To: _____

Item	Historical	Current Budget	Current Actual	Difference
Personal and Legal				
Personal care and toiletries	\$ _____	\$ _____	\$ _____	\$ _____
Child care	\$ _____	\$ _____	\$ _____	\$ _____
Legal and accounting	\$ _____	\$ _____	\$ _____	\$ _____
Life and disability insurance	\$ _____	\$ _____	\$ _____	\$ _____
Other personal and legal	\$ _____	\$ _____	\$ _____	\$ _____
Total personal and legal:	\$ _____	\$ _____	\$ _____	\$ _____
Medical				
Medicines	\$ _____	\$ _____	\$ _____	\$ _____
Doctors, dentists and hospitals	\$ _____	\$ _____	\$ _____	\$ _____
Health insurance	\$ _____	\$ _____	\$ _____	\$ _____
Other medical	\$ _____	\$ _____	\$ _____	\$ _____
Total medical:	\$ _____	\$ _____	\$ _____	\$ _____
Transportation				
Auto payments	\$ _____	\$ _____	\$ _____	\$ _____
Repairs and maintenance	\$ _____	\$ _____	\$ _____	\$ _____
Insurance	\$ _____	\$ _____	\$ _____	\$ _____
Gas, oil and tires	\$ _____	\$ _____	\$ _____	\$ _____
Public transportation	\$ _____	\$ _____	\$ _____	\$ _____
Other transportation	\$ _____	\$ _____	\$ _____	\$ _____
Total transportation:	\$ _____	\$ _____	\$ _____	\$ _____
Miscellaneous				
Books, magazines and newspapers	\$ _____	\$ _____	\$ _____	\$ _____
Vacations	\$ _____	\$ _____	\$ _____	\$ _____
Entertainment and clubs	\$ _____	\$ _____	\$ _____	\$ _____
Charitable	\$ _____	\$ _____	\$ _____	\$ _____
Education	\$ _____	\$ _____	\$ _____	\$ _____
Other miscellaneous	\$ _____	\$ _____	\$ _____	\$ _____
Total miscellaneous:	\$ _____	\$ _____	\$ _____	\$ _____
Totals for this page:	\$ _____	\$ _____	\$ _____	\$ _____
Totals from previous page:	\$ _____	\$ _____	\$ _____	\$ _____
Grand totals:	\$ _____	\$ _____	\$ _____	\$ _____