

**City of Woodburn**  
**January 24, 2018**

# Household budgeting

# WHAT IS A BUDGET?

myMoneyCoach says,

- A budget is a plan to spend your money. Creating this spending plan allows you to determine in advance whether you will have enough money to do things you need or would like to do.
- Budgeting is simply balancing your expenses with your income. If you spend more than you make you will have a problem . . . and will slowly sink deeper into debt every year.

# Budget Information

- 50% of households live paycheck to paycheck ([2017 report in MarketWatch](#) )
- 19% have \$0 emergency savings; 31% have less than \$500 in emergency savings (Debt.com)
- 75%-90% of doctor visits are due to stress-related health issues (Healthstatus.com)
- A 2015 CNBC poll reported that money was a leading cause of stress in relationships
- “Failing to plan is planning to fail” (Benjamin Franklin or Alan Lakein)

# Reasons to Budget

1. A budget lets you control your money
2. A budget shows areas of high spending
3. A budget can keep you out of debt
4. A budget helps you live within your means
5. A budget helps you meet your financial goals
6. A budget helps you prepare for emergencies
7. A budget can improve your relationships
8. A budget can help you sleep better

# 7 Steps to a budget (Credit Counseling society)

1. Set realistic goals to reach by January 2019
2. Track your income and expenses
3. Separate needs versus wants
4. Create your budget – Do not spend more than you make. Prioritize your spending.
5. Put your plan into action
6. Set aside for seasonal expense
7. Look ahead

# Tips for tracking income and expenses

1. Income: List all reliable and regular income
2. Expenses: List all expenses (regular and infrequent)
3. Track: Begin tracking income and expenses
4. Net Income: Calculate your net income  
(Income – Expenses = Net Income\*)
5. Goal: Net Income should be positive

**Goal is to tell your money where to go!**

# 5 BUDGET TRACKING Options

1. Paper and pen method
2. Envelope method
3. Checkbook method
4. Spreadsheet method
5. Software method

# Balancing your budget

## 1. Positive Balance (Net Income)

- a) Identify and prioritize your goals, include a savings
- b) Develop a plan to reach the goals

## 2. Negative Balance (Net Income)

- a) Identify expenses to reduce or eliminate
- b) Identify income to increase
- c) Develop a plan to change to positive balance



# AVERAGE BUDGET PERCENTAGES

Percentage	Budget Category and Description
32%	Housing/Utilities (mortgage/rent, taxes, utilities, etc.)
14%	Food
14%	Transportation (car payments, gas, service)
12%	Personal/Debt Payments/Miscellaneous
9%	Savings and Insurance
9%	Entertainment, Recreation, and Clothing
6%	Medical/Healthcare
<u>4%</u>	Donations/Gifts to Charity
100%	

# Helpful websites

- <https://www.mymoneycoach.ca/budgeting/what-is-a-budget-planning-forecasting>
- <https://www.everydollar.com/blog/budget-percentages>
- <http://www.leavedebtbehind.com/frugal-living/budgeting/10-recommended-category-percentages-for-your-family-budget/>
- <https://money.usnews.com/money/personal-finance/articles/2014/06/03/a-guide-to-creating-your-ideal-household-budget>
- <https://www.savespendsplurge.com/the-ideal-household-budget-for-spending/>
- <https://financialmentor.com/calculator/budget-calculator>
- <https://www.mint.com/budgeting-3/monthly-budget-template-track-your-spending-by-month>

# Questions and thanks

- Questions?
- Woodburn on Wellness (WoW) thanks you and wishes you financial peace!