

Transcript for How To Create A Simple Written Monthly Budget Video

Hello everyone and welcome back to my channel.

So today I'm going to be sharing with you guys how to create a simple monthly budget, a written budget to be specific, and I'm using this notebook from Walmart. Obviously, there are a bunch of ways that we could budget, such as Excel worksheets and budget apps and other electronic methods but oftentimes it's worth just using a notebook or a regular piece of paper.

Step one: calculate and list of all monthly disposable income

The first thing that we want to do is calculate our monthly income and we want to only list our take-home pay. That's money after taxes, after payroll deductions, after retirement (if you have money coming out of your checks for retirement). This is the money that is going to come home to you and the money that will, for sure, cross your bank account, so you want to budget using the minimum amount that you know you will bring in. Obviously, sometimes with PTO (paid time off) and just picking up different shifts and working multiple jobs we are able to bring in various amounts, but we want to make sure we are budgeting using the absolute minimum that we will bring in. So, for the purposes of this video I'm going to be budgeting for, or with, 2,300 dollars. We want to total that up so that math is quite easy, but if you need a calculator to do your math then obviously go ahead and do that but one thousand plus one thousand plus three hundred is \$2,300 so that is going to be the total income for the month, and this can go for any month, this is for no month in particular, this is just pretty much how to start out.

Step two: calculate and list all bills and monthly expenses

Step two is to calculate and list all bills and expenses. So I like to start with typically I like to start with fixed expenses first those are expenses that do not change from month to month and then I like to go to variable expenses which are expenses that do change from month to month. So rent is typically a fixed expense and eating out or personal spending money or gift money is oftentimes categorized as a variable expense. I will tell you that I feel like the best way to do this is to list the most important expenses first, so a lot of times that is your four walls so your rent or mortgage, your water, your electricity, your food budget, just start listing your bills and expenses from most important to least important because a lot of times if you're down to, you know, you've gone through all of your bills and all of your more important expenses and you're running a little short on money then a lot of times that means that you may not get to spend fun money for that month or you'll have a little less for fun money or you won't have a lot for eating out so it's important that we're making sure that our four walls are taken care of and we're budgeting for the most important bills and expenses first and foremost. I always like to leave in a miscellaneous category, and this is just for unexpected items. A lot of times we forget to budget for things. I do it all the time. I forgot to budget for my friend's anniversary gift this month, it just happens, so I always like to leave a little bit in miscellaneous and this is just a month budget, obviously I don't have childcare or a car payment or some of these other expenses but I just wanted to throw in just some different expenses and not list our expenses.

What we need to do now is total up our expenses, so that is what you see me doing at this very moment. I am adding up the rent, water, cellphone, car payment, renter insurance, childcare, food, fun, and miscellaneous. That gives us a total of one thousand eight hundred and thirty dollars. So, our next step of course is to subtract our expenses from income.

Step three: subtract expenses from income

So, our income is \$2,300, our expenses are \$1830 and that gives us \$470, now at this point it is it's essentially crunch time, and we have to figure out what exactly we're going to do with that \$470, or our remaining funds.

Step four: determine what to do with ALL remaining funds

This is where a lot of people decide on if they want to go ahead and purchase a gift for somebody, if they want to go ahead and put some towards savings, if they want to go ahead and take a small staycation, if they want to go ahead and make an additional debt payment. So in this video I am actually giving up the funds just in different categories so I'm not sending all \$470 to debt or anything like that and I will show you that momentarily. As soon as I slide the page up I will show you how I am giving up those funds.

So I have \$200 going towards savings, \$30 going towards a gift, and an additional \$240 going towards the car payment. At that point we have spent all of the \$470 which is bringing our new remaining balance down to zero. I believe that it is absolutely pertinent that we give every single dollar a job and assignment a name and we budget all of our income all the way down to zero, and that doesn't mean we take our bank account to zero that just means that we budget for all of our income, that is super important because had we not done that then we wouldn't know exactly what to do with the \$470. If we just had it just randomly hanging around because nine times out of ten it would go to something that's not important like eating out or shopping or just excess spending.

Extra step: write in due dates for bills

Another thing that you can do is write in your due dates for your bills. I like to use monthly calendars to write in my pay dates in my bills but a lot of people just kind of mark whenever their bills are due and that works for them. So anyway, this is pretty much the end of this video I just wanted to show you guys how to compose a simple monthly budget this is a tried-and-true every dollar zero based budget and this is the method that my husband and I have used over the last couple of years to pay off \$53,000 dollars of debt and to meet some of our other financial goals. I did use a highlighter, of course, because I'm just a little bit extra, but I could definitely get behind this method of budgeting easily.

Extra step: create monthly/yearly bills/ happenings ledger

Also, one last thing that you can do to really be organized with your finances is to maybe just write in all of the expenses that you have for each month, all of the regular expenses, the

irregular expenses, birthdays that are coming up, trips that are coming up, anything that you can write in so that you can prepare yourself financially. So that is it for this video. I hope that you guys enjoyed it, and you learned from it, and I will see you in my next one. Bye guys.