Creating & Maintaining a Budget

A budget is a powerful financial tool that helps individuals, families, and businesses manage their money wisely and achieve their financial goals. Whether you're saving for a big purchase, paying off debt, or simply trying to make ends meet, having a budget can provide a wide range of benefits. Creating and maintaining a budget doesn't have to be complicated. Follow these five simple steps to get started on the path to financial control and success.

Step 1: Set Clear Financial Goals

Identify your financial objectives. Whether it's saving for a vacation, paying off debt, or building an emergency fund, having clear goals will give your budget purpose and direction.

Step 2: Calculate Your Income

List all sources of income, including your salary, freelance work, and any other earnings. Use your after-tax income for accuracy.

Step 3: Track Your Expenses

Record all your expenses, from fixed bills like rent and utilities to variable costs like groceries and entertainment. Review bank statements, receipts, and bills to ensure you capture everything accurately.

Step 4: Categorize Your Spending

Group your expenses into categories such as housing, transportation, food, entertainment, and savings. This helps you understand where your money is going and makes it easier to identify areas for potential savings.

Step 5: Create Your Budget

Now that you have a clear picture of your income and expenses, it's time to create your budget:

- **Allocate Income:** Assign a portion of your income to each spending category based on priority. Start with essentials like housing, utilities, and groceries.
- **Plan for Savings:** Allocate a portion of your income to savings and debt repayment. This can include emergency funds, retirement accounts, and paying off debts.
- **Set Limits:** Establish spending limits for discretionary categories like entertainment and dining out. Stick to these limits to avoid overspending.
- **Monitor Regularly:** Regularly track your spending against your budget to ensure you're staying on track. Adjust your budget as needed to accommodate changes in your financial situation.

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Additional Tips:

- Be Realistic: Make sure your budget is achievable. Don't set overly strict limits that are difficult to stick to.
- Embrace Flexibility: Life is unpredictable. Be prepared to adjust your budget for unexpected expenses or changes in income.
- Use Technology: Utilize budgeting apps or software to simplify tracking and categorizing expenses.
- Involve Family: If applicable, include family members in budget discussions to ensure everyone is on the same page.
- Celebrate Progress: As you achieve your financial goals, celebrate your successes. It will motivate you to continue budgeting effectively.

Remember, budgeting is a skill that takes time to develop. Be patient and persistent, and over time, you'll gain more control over your finances and work toward achieving your financial dreams. To learn more about budgeting, visit the Financial Resource Center by logging into the Start Right website, **startright.bokf.com**. From the main menu, go to the "Planning Tools" tab.



Start Right Website

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