

# Just put pen to paper to start on budget

**We promised ourselves we would establish a monthly budget in 2012, but now we don't know where to start. Can you help?**

It might be best to keep things simple, at least at first. Start by getting a notebook and pen and jotting down some numbers.

The first thing you need to know is your monthly income. If your income fluctuates, give it your best estimate by looking at your income from last year. Include all sources of income, including child support and even tax refunds, if you normally expect them.

Next, list your expenses. Start with expenses that don't change month-to-month: mortgage or rent, utilities (if you're on budget plans), car payment, phone, cable or satellite, Internet connection. Then, estimate your variable expenses (groceries, entertainment, charities are all examples). Don't forget to account for repayment of credit cards and other debts. Examine expenses from last year to get the best estimates possible. Be sure to include bills you pay quarterly or semiannually; calculate how much you need to save each month for them.

Also, be sure to list the amount you plan to deposit into savings each month. Treat it like a bill to be sure you put at least a little money away. Even if it's just \$5, it's important to create the habit of saving.

Having a budget worksheet in front of you might help you figure out all your expenses. An Ohio State University Extension educator put together a budget worksheet in a Microsoft Excel document, available to download from <http://go.osu.edu/wksheet> and scroll down to "Personal Spending Plan."

Now, do the math: If expenses exceed your



income, you have some work to do. Can you trim how much you spend for groceries? Can you eliminate or reduce your cable package? Can you see if your insurance policies can be adjusted?

Once you have your budget set, start keeping careful track of your income and spending — even the cash you spend out of pocket on coffee, snacks or other incidentals. After three months, you are ready to go back to your budget and make adjustments. Did you miss whole categories of income or expenses? Were your estimates for different categories on target?

Another resource you might find helpful is OSU Extension's "Budget in a Box" system, which consists of a booklet (available for \$9 plus tax and shipping) on how to use an "envelope system" to track your money. Pre-printed envelopes also are available for \$3.50. Order both through OSU Extension's online store at <http://estore.osu-extension.org>.

The goal most people have in setting a budget is to match spending with income, and still manage to put a little money away for emergencies or retirement. The budgeting process allows you to focus on money flow and think about how to control expenses, category by category. By giving your budget some time and thought, you might be amazed at how much you can cut your expenses just because you took the time to plan.

*Family Fundamentals is a monthly column on family issues. It is a service of Ohio State University Extension and the Ohio Agricultural Research and Development Center. Send questions to Family Fundamentals, c/o Martha Filipic, 2021 Coffey Road, Columbus, OH 43210-1044, or [filipic.3@osu.edu](mailto:filipic.3@osu.edu).*



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**Dear Subscriber:** This column was reviewed by Nancy Stehulak, Ohio State University Extension educator in Family and Consumer Sciences.

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