



Making and Living on a Budget

Use these principles to help direct personal financial decisions with wisdom.

You need to know your income. If you are going to make a budget, you need to know what your monthly income will be.

Determine budget percentages. Look at recommended percentages that you should consider spending in every part of your budget. This is important. If you over-spend in one area, it will squeeze you in other areas. You need to set a target percentage for each area using the guidelines that are provided by Dave Ramsey. Then see how much that percentage is in real dollars. Hint: The total percentages you allocate cannot exceed 100%. (This may be obvious, but it doesn't hurt to state the obvious) There is a chart attached that will help you do this.

Give every dollar a name and make it obey. Now divide those real dollars up in the categories. You will see a form that details what goes under the housing category, the transportation category, etc. Your goal is to give every dollar a name and make it obey! The more specific your budget is the more helpful it will be. I used to have an amount allocated under miscellaneous for haircuts...that is pretty detailed. By the way, that sub-category is no longer necessary! No laughing.

Smoothing expenses. Think about what expenses you will have irregularly or infrequently. This can include money you will spend on Christmas presents, vacation, car repairs, house repairs, etc. You know these things are going to happen and will be substantial to your budget when they do happen. So, think about how much you typically spend annually on each category and then divide that amount by 12. This will tell you how much you should budget monthly for that expense. When you get paid, transfer the amounts you are saving for each of these to our savings account. Then when these expenses occur, you will simply take the money out of the bank. If you fail to plan for these expenses, you will be planning to fail. These are often the expenses that take us into debt and cause us to revert to using credit cards.

Envelope method. Once you have established your budget now it is time to actually use it! For items on your budget that happen throughout the month (expenses that are not just writing a check once a month), I encourage you to go to the bank after pay day and take out cash for each of these categories. Then go home, put cash in an envelope for each category. When it is time to go to the grocery store, take cash out of the grocery envelope. When it is time to get gas, take cash out of the gas envelope, when it is time to go out to eat, take money out of the eating out envelope, etc. If you do this, you will not overspend on the categories. It is one thing to make a budget, it is another thing to live on it.

Evaluate. Check your budget after a few months to see if the amounts are feasible or if there needs to be some changes to your budget.

Build an emergency fund as soon as possible. For starters try to save \$1,000 as fast as you can. This will help when an unexpected expense comes your way. If you have an emergency fund you will not have to go in debt to pay for the unexpected expense. If you do not have an emergency fund, you will



have to go in debt. So, save \$1,000 as fast as you can. The ultimate goal will be to accumulate 2 to 3 months of expenses in your savings, in case you were to be laid off, or some other financial difficulty were to come your way.

Factor in generosity. Make sure you start practicing generosity through budgeting tithing and supporting missions Make sure you start saving for retirement immediately after graduation.

Budgeting Percentages

Taken from financial advisor and author Dave Ramsey, This will help you begin to develop and live on a budget. Living by a budget isn't just for people who have debts to pay. Jesus shares that Kingdom people should "count the cost" before starting to build a house. A budget is a way to spend, and save, wisely for the Kingdom of God.

The far left column lists some basic categories that comprise an individual's (or family's) budget. Ramsey's recommended budgeting percentages are listed in the second column ("Recommended %"). After examining Ramsey's recommended percentages per category, determine your ideal percentage to spend in each category. Record these percentages in the third column ("Ideal %"), making sure that the sum of all the categories is 100 percent.

Then you will need to record your total monthly income (as an individual, or family). If you do not already live by a budget (not just have a budget, but live by it), you will need to record all your spendings for at least one month, categorizing them along the way. Record these totals in the fourth column by category ("Actual Money Spent"). If you already have a working budget, enter the budgeted amounts in this column by category.

Finally, calculate the actual percentage of your total income you spend in each category in the last column (Actual % Spent). Adjust your spending as necessary to stay within your ideal percentages.



Total Monthly Income (after taxes): _____

Category	Recommended %	Ideal %	Actual Money Spent	Actual % Spent
Charitable gifts	10-15%	%	\$	%
Savings	5-10%	%	\$	%
Housing	25-35%	%	\$	%
Utilities	5-10%	%	\$	%
Food	5-15%	%	\$	%
Transportation	10-15%	%	\$	%
Clothing	2-7%	%	\$	%
Medical/Health	5-10%	%	\$	%
Personal	5-10%	%	\$	%
Recreation	5-10%	%	\$	%
Debts	5-10%	%	\$	%



Monthly Income and Expenses			
GROSS INCOME PER MONTH			
Salary			
Interest			
Dividends			
Other			
LESS			
Tithe			
Taxes (FICA, Fed, State)			
NET SPENDABLE INCOME			
Housing			
Mortgage (rent)			
Insurance			
Taxes			
Electricity			
Gas			
Water			
Sanitation			
Telephone			
Maintenance			
Other			
Food			
Automobile(s)			
Payments			
Gas and Oil			
Insurance			
License/Taxes			
Maint./Repairs/Replace			
Insurance			
Medical			
Life			
Other			
Debts			
Credit Card			
Loans and Notes			
Other			
Entertainment and Recreation			
Eating Out			
Baby Sitters			
Activities/Trips			
Vacation			
Other			
Clothing			
Savings			
Medical Expenses			
Miscellaneous			
Toiletries, cosmetics			
Beauty/Barber			
Laundry/cleaning			
Allowances			
Subscriptions			
Gifts			
Cash			
Other			
Investments			
TOTAL EXPENSES			
NET SPENDABLE INCOME			
Less TOTAL EXPENSES			
Unallocated Surplus			

