

Budgeting

OHSU Student Debt Counseling & Financial Management



What is a Budget?

A budget is the backbone of any household's financial plan. A well-crafted budget can help a household:

- Identify spending gaps
- Identify consumer habits
- Develop a monthly cash flow
- Save for future expenditures

Creating a Budget

A budget is not just about what you spend, but about how you spend it. If you are having trouble making ends meet every month and never take the time to find out where your spending shortfalls are, you will probably continue to experience a cash flow shortage.

By taking the time to identify where your sources of income are going, you will be able to better understand your consumer habits, and identify the costs that can be cut and the additional revenue that can be recognized.

Establishing a budget is a very straightforward process.

1. Determine your monthly income

Look at all of the income you have coming in from your various resources. Try to be conservative; count only your sources of 'fixed' income.

Some examples of fixed income are:

- Financial Aid
- Wages
- Social Security Income

- Alimony & Child Support

- Pension Income

Be sure to write everything down; include the source of income, the amount, and frequency.

2. Look at your monthly expenses

Monthly expenses are broken out into two areas: fixed and variable.

Fixed costs are costs that you can count on every month. They are consistent and usually the same amount.

Examples of fixed expenses include:

- Rent
- Car Payment
- Cell Phone
- Day Care

Variable expenses are expenses that change month to month.

Some examples are:

- Groceries
- Entertainment
- Gas

If you are having a hard time tracking your expenses, look at your bank and credit card reports. Note where your money is going and how often it is going there.

3. Write it all down

Using a budget template from the OHSU Student Debt Counseling Website (or whatever template works best for you) create two separate budgets: current & proposed.

The current budget will include all of your current income and expenses.

After you take the time to figure out where your money is going, you can then fill in your proposed budget and see how the bottom line comes out.

Decide what items you feel you can spend less on.

Some Ways to Cut Costs

Craigslist—Craigslist can be used for finding out where things are happening locally. Look for free events or grand openings if you want a great discount or free meal.

Track Your Grocery Waste—By tracking what food items you throw away on a weekly basis you can determine which groceries to buy less of. Planning meals ahead of time also allows for you to compare prices and/or shop for better deals.

Make a Meal Plan—Plan what you are going to eat to cut back on over paying at the grocery store.

Cash Method—Determine your 'play money' for the month and keep that money in cash. When the cash is gone you know you have no more 'play money' to do things with.