



Budgeting Toolkit

A BEGINNER'S GUIDE

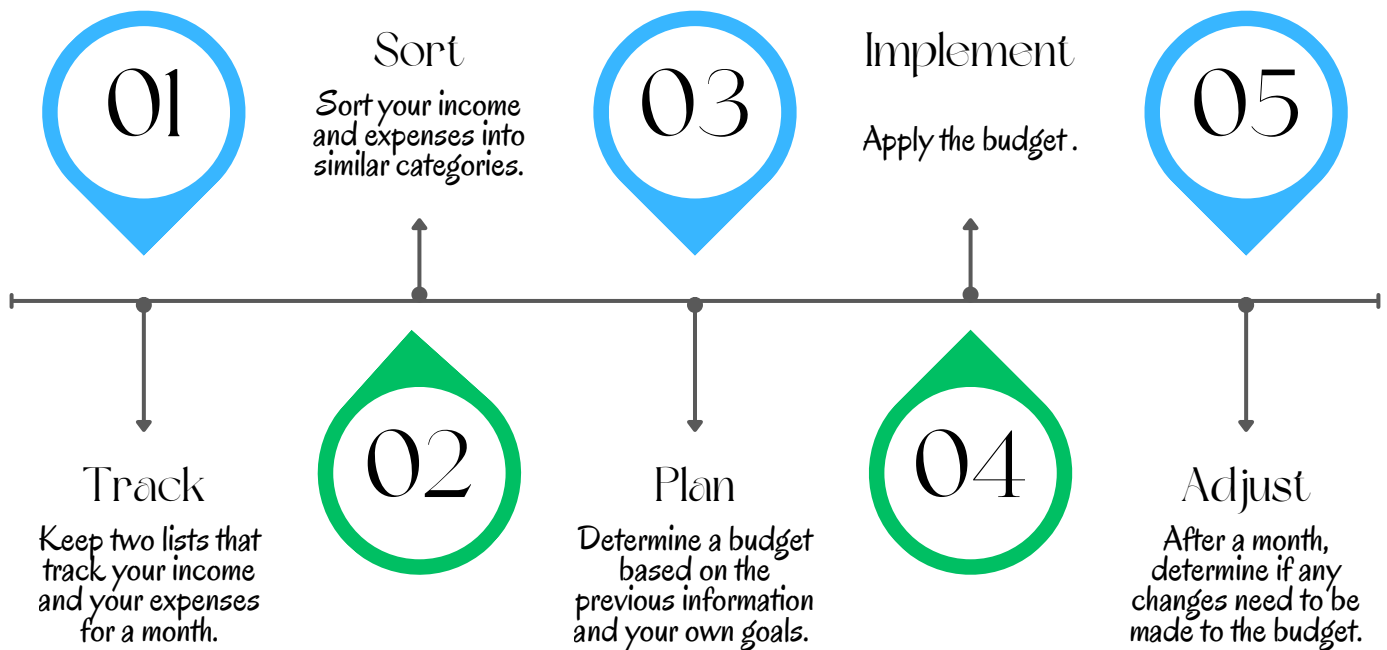
Brought to you by the Orcas Community Resource Center Financial Literacy Program

The first step on the path of financial literacy begins with creating and maintaining a personal budget. This task, however, can seem rather daunting for many people and it can be hard to determine where to begin.

The purpose of this toolkit is to provide not only a clear series of steps to make the budgeting process simpler, but also allows you, the reader, to create a budget strategy tailored to you.

The following is a breakdown of the five sections this toolkit will cover with the intention of improving your budgeting skills.

FINANCIAL LITERACY ROADMAP



SECTION 1: TRACK

Using the worksheet below, fill out the expenses and income you've made for one month.

Monthly Expenses

Essentials

Housing Cost (rent/mortgage) \$ _____
Renters/Homeowners Insurance \$ _____
Utilities \$ _____
Childcare \$ _____
Groceries \$ _____
Gasoline/EV charge \$ _____
Car payment \$ _____
Car insurance \$ _____
Other Transportation (ferry, taxi, etc) \$ _____
Healthcare and Medications \$ _____
Phone \$ _____
Internet \$ _____
Pets \$ _____
Taxes (if applicable) \$ _____

Debt

Medical debt payments \$ _____
Student loan payments \$ _____
Credit card minimum payments \$ _____
Fines \$ _____
Other Debt payments \$ _____

Other Expenses

Restaurants \$ _____
Entertainment (cable, games, etc) \$ _____
Child support expense \$ _____
Clothing \$ _____
Diapers \$ _____
Equipment/Gear/Tools \$ _____
Storage \$ _____
Miscellaneous expenses \$ _____

Total Monthly Expenses \$ _____

Monthly Sources of Income

Total Monthly Income from Work and Jobs \$ _____

Please list job titles and estimated monthly amount earned from each line of work.

Primary Work _____ \$ _____
Secondary Work _____ \$ _____
Tertiary Work _____ \$ _____
Other work _____ \$ _____

Would you say your income varies a lot month to month?

Yes No Seasonal

Monthly Income from Other Sources \$ _____

Social Security \$ _____

Child Support income \$ _____

Help from Family and Friends, or Gifts \$ _____

Government Assistance

SNAP, EBT, WIC, TEFAP \$ _____

Washington Basic Food Program \$ _____

ECEAP and Other Child Care Subsidy programs \$ _____

TANF (Temporary Assistance for Needy Families) \$ _____

Refugee Cash Assistance \$ _____

Pregnant Women Assistance \$ _____

Aged, Blind, or Disabled Cash Assistance Program \$ _____

Medicare Savings Programs \$ _____

In-Home Care Assistance \$ _____

DSHS Emergency Programs \$ _____

Other Government Assistance programs \$ _____

Total Monthly Income \$ _____

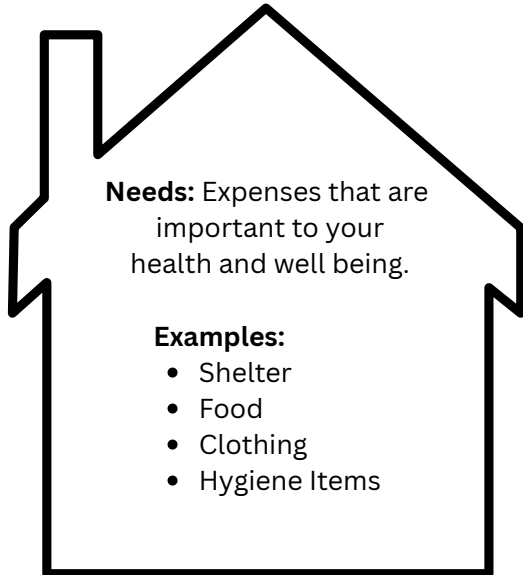
SECTION 2: SORT

Now that you've built your two lists, the next step is to organize the lists into similar categories. Starting with your income, separate it into one of the four categories: Regular Unpredictable, Seasonal, One-Time. If you're unsure on what one is, use the guide below.

<p style="text-align: center;">Regular:</p> <ul style="list-style-type: none"> Income comes in at regular intervals (Once a month, bi-weekly, etc.) The interval is usually between 1-2 months The amount of income is roughly the same between intervals (within \$100) You are confident that the current rate you are earning income will continue for at least 6 months 	<p style="text-align: center;">Unpredictable:</p> <ul style="list-style-type: none"> The income does not come in at a set date or interval The amount of income varies significantly from interval to interval
<p style="text-align: center;">Seasonal:</p> <ul style="list-style-type: none"> The interval of this income is longer than three months You do not believe the current rate you are earning this income will continue for longer than 6 months Unlike Unpredictable income, this income does have a regular interval, that interval just takes a long time 	<p style="text-align: center;">One-Time</p> <ul style="list-style-type: none"> You are unsure if this income will occur again (contract work, inheritance, etc.)

Regular	Unpredictable
Seasonal	One-Time

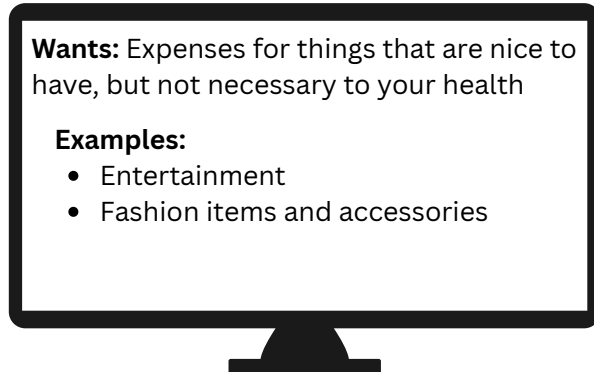
With your income squared away, it's now time to categorize expenses for this month. Expenses are usually either: Needs, Wants, or Obligations. By categorizing your expenses this way, you will decrease your total expenses over time by being able to better recognize where certain expenses can be cut. For more information on what usually counts as either a need, want, or obligation, use the guide below:



Needs: Expenses that are important to your health and well being.

Examples:

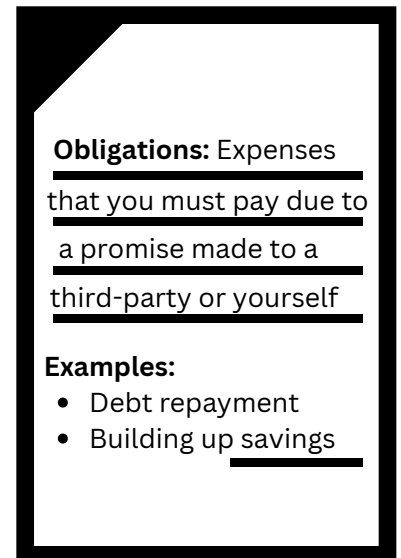
- Shelter
- Food
- Clothing
- Hygiene Items



Wants: Expenses for things that are nice to have, but not necessary to your health

Examples:

- Entertainment
- Fashion items and accessories



Obligations: Expenses that you must pay due to a promise made to a third-party or yourself

Examples:

- Debt repayment
- Building up savings

Needs	Wants	Obligations

(Bonus Activity) Try to write down at least one instance where you can:

Reduce the expense of a need:

Eliminate a want:

Focus on an obligation:

List some ways you can increase your income:

1. _____

2. _____

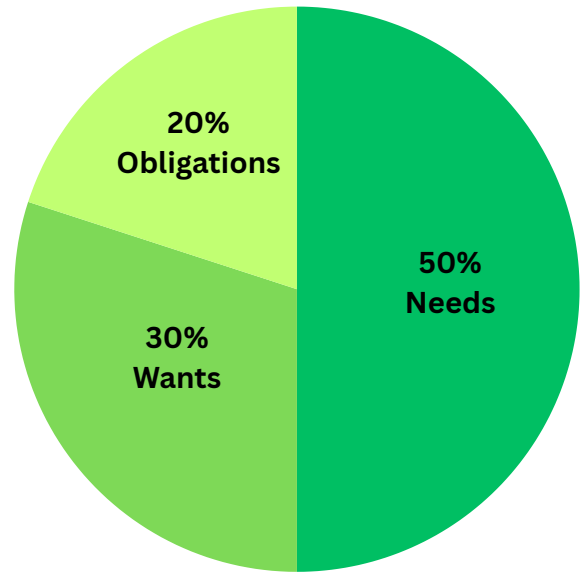
3. _____

Section 3: Plan

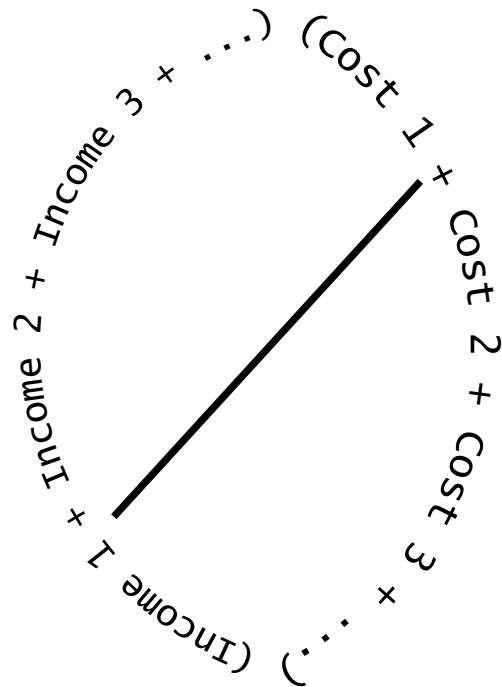
The next step in making a budget is planning. While everyone's budget is going to be different, there are templates that you can use to get the most out of your budget and help determine what you want to do with your money.

Below are some examples:

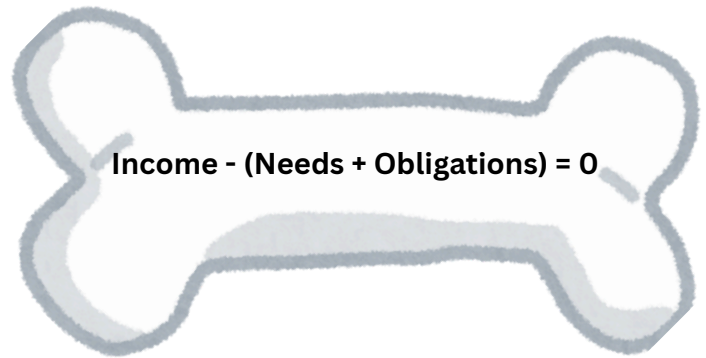
50/30/20 Method
Pros
Good for beginners to budgeting
Provides room to still afford wants
Very flexible
Cons
Will need to adjust if more than 50% of income goes towards needs
Doesn't work as well with varied income
Does not work well with high obligation expenses



Zero-Based/Paycheck Budgeting
Pros
Helps identify patterns in your
Full awareness of your income and expenses
Makes you stick to a plan
Cons
Can lead to living from paycheck to paycheck
Does not encourage saving
Not very flexible



Bare Bones Budgeting
Pros
Best method for paying off debts
Good for starting a savings pool
Ensures needs are met
Cons
Not great for long term savings
Not flexible
Does not give any room for wants



Pay Yourself First Method
Pros
Good for achieving savings goals
Works well with other budgeting methods
Cons
Does not work well on its own
Harder to track and account for wants

Priorities

1. Personal Goal
2. Needs
3. Everything Else

To help with making your budget try answering these questions:

What's something you want to save money for?

What are your most reliable sources of income, and when do you receive them?

How important to you are the wants that you are currently spending money on?

Do you have any outstanding debts, and how important are they to pay off?

Additionally, consider the following recommendations:

- **Put your needs first:** Meeting your needs makes it easier to carry out the rest of your budget
- **Try to focus on paying off debts:** The sooner you take care of your debts, the sooner you can put the money towards your other interests.

Section 4: Implement

Now that you've gotten an idea on how a budget operates, it's time to make one that's right for you. While each budget method will look different, we've made a template below that uses the 50/30/20 method for reference. Once you've created your budget, it's time to apply it to your daily life for a month.

Total Income: 1900		Needs: 950	Wants: 570	Obligations: 380
	Where it's Going	Amount before expense	Cost	Amount after
Needs	Rent	950	600	350
	Utilities	350	120	230
	Groceries	230	210	20
	Bus Pass	20	20	0
Wants	Cable Subscription	570	50	520
	Eating Out	520	100	420
	New T.V.	420	400	20
	Use for Obligations	20	20	0
Obligations	Credit Card Bill	380+20=400	35	365
	Retirement Fund	365	300	65
	Loan Repayment	65	65	0

Section 5: Adjust

After a month has passed, it's time to look at where your budget currently stands and determine if any changes need to be made.

Did you spend more than budgeted in any section? If so, what section(s)?

Did you spend less than budgeted in any sections? If so, what section(s)?

What did you like/dislike about your budgeting method for this month?

What are some things you think you could change about your budget to make it work for you?

Section 6: What happens next?

Now that you've reached the end, it's time to do it all over again. Take the tools and skills you've acquired throughout this toolkit and continue to apply them to your budgeting.

However, there is one last thing you should know before heading off on your budgeting journey: the true power of a budget comes from knowing where your money is at any given moment rather than planning where it's going.

If you set aside \$100 for a particular want but an additional need comes up, you now know where you can quickly get \$100 from so long as you're alright holding off on that want.

And, no matter what happens next, you've got this!

Section 7: Additional tips & tricks

This section contains some useful tips and tricks that, while not necessary to your budgeting, can greatly improve it.

The Envelope Method:

The envelope method is a way to help track the amount of money you're spending on categories as well as ensure you stick to your budget. First you start by labeling each envelope with a category from your budget. Next, put the cash amount of that category into its corresponding envelope. Until your next paycheck, you can only spend the money in the envelope on its corresponding category. If you have any money left over you can keep it in the same category or move it to savings or another category as you see fit.

The Digital Envelope Method:

Using an app like Goodbudget, create envelopes for each of the categories you've created and only use the money from that envelope for that category.

Tracking Bills With A Calendar:

Write down your known bills for the month on a calendar or calendar app so you can have the money ready when the time comes.

To get further involved with our Financial Literacy program, such as one-on-one financial counseling, Orcas Talks Money drop in workshops, or our 7-month Orcas Money Smart cohort, reach out to the Orcas Community Resource Center at 360-376-3184 or info@orcascrc.org for more information!