

Got Cash? But No Money!

We all know what it's like to have to ask mom and dad for money every time we want to go out somewhere or buy some new clothes. Maybe you do have a job, but for some reason still don't have any money.

It all comes down to budgeting; you need to budget. Budgeting is a skill, it gets easier to do overtime but not without practice and the "D" word – discipline.

Here's how to begin:

First add up how much you earn each month. Include your paycheck, allowance, and any other money you take in consistently month to month. Now estimate your monthly expenses. How much you spend on food, clothes, cell phone, movies concerts and other expenses. Write down and label each one and then total it up to find out how much you think you spend each month on each item.

The next step requires that you tally each item you spend money on so carry a notepad with you at all times. Detailing your spending patterns for one month will show you how much you actually spend on each of the items in your estimate. Finally, subtract the total amount you actually spent from your total monthly income:

Money leftover: Great Job, now ask yourself what you do with the leftover money. Is your savings account listed as one of your monthly expenses? If it isn't change that and start putting money in it regularly. The recommended amount is 10% of each paycheck.

Zero Balance: No room for error here. Even though you don't go over your income what happens if an unexpected expense comes up? Start identifying ways to cut back your spending and if you aren't already, start saving some money too.

Negative Balance: Uh oh! This is a dangerous place to be, it leaves you vulnerable to poor financial decisions, like getting a credit card to cover the expenses you can't pay with cash. Start prioritizing your expenses. What you have to spend money on vs. what you choose to spend money on. Try to make small changes each month so you can see monthly improvement.

Step 1: Income	My Job	\$600
Step 2: Estimate	Don't forget this step, it's important when beginning the process	
Step 3: Expenses	Cell Phone	\$ 60
	Food	\$ 40
	Gas	\$ 60
	Car Insurance	\$200
	Clothes	\$100
	Movies	\$ 30
	Music	\$ 20
	Other activities	\$ 30
	Total Expenses	\$540
Step 4: Balance	Total Remaining	\$ 60

Here's my actual budget:

I have \$60 remaining at the end of month (or 10% of my income). If I continue to budget the way I have been, and put the \$60 in a savings account every month, I can save \$720 in twelve months.

Being able to budget your money is important and will help you in other areas of your life. For example, responsible budgeting can help you establish good credit. Also, when you get older you will be better able to handle more financial responsibility such as monthly rent or car payment.

Begin budgeting as soon as possible to make the most of your money. Remember if you have questions or comments; contact me at staff@dcwib.org. Names aren't necessary, but give your city or town. I look forward to hearing from you. - Vee

