

BUDGETING BASICS

A PRACTICAL GUIDE TO BUILDING A PLAN YOU CAN KEEP





THIS GUIDE IS FOR YOU

Whether you're trying to keep the lights on, pay down debt, stretch a paycheck further, or just stop wondering where your money went, a budget will help make sense of your financial picture. You don't need special software or a finance background. You need a piece of paper, real numbers, and a little time each week. This guide walks you through the rest.

If you'd like a second set of eyes on your plan, there are two free local resources that can help:

Housing counseling agencies are nonprofit organizations approved by the U.S. Department of Housing and Urban Development (HUD). They offer free or low-cost one-on-one help with budgeting, debt, rental issues, and homeownership from a trained counselor who can look at your specific situation and help you make a plan.

Community action agencies are local nonprofits found in nearly every county in the country that help people meet immediate needs and build stability. They can connect you with emergency assistance, utility help, food resources, job training, and financial coaching, often all in one place.

Both are confidential, judgment-free, and free to use. See the back cover to find one near you.

START WITH GOALS

A budget gives every dollar a job. Without goals, it's just a list of numbers. With goals, it becomes a plan with a purpose.

Start with goals you can act on. Pick 2–3 near-term goals (things you want to accomplish in the next 30–90 days) and 1–2 longer-term goals (6–18 months out). Make each one specific: what will happen, by when, and how much will it cost or save?

Near-term example: Pay the electric bill on time for the next two months.

Longer-term example: Save \$500 in an emergency fund by December.

Write your goals down. Put them somewhere you'll see them: a calendar, a notes app, the fridge. Then tie each goal to a single next action so it doesn't stay stuck at "someday."

THINK OF BUDGETING AS A MONTHLY LOOP

Set goals → Gather information → Map income and spending → Make a plan → Take a few small actions → Review and adjust → Repeat

START NOW

- Write three goals and the very next step for each (a phone call, a date, a dollar amount).
- Schedule a weekly 20-minute money check-in. Schedule it for the same day and same time every week.
- Sketch a simple "Budget Loop" you'll follow every month.

Make the plan visible. A budget you can see is a budget you'll use. Pin a one-page worksheet to your fridge or set a reminder to open it every Saturday.

GET YOUR INFORMATION TOGETHER

Budgets are kinder and more accurate when they're built from real numbers, not guesses. The fastest way to get there is to gather your information once, then run a 30-day spending check.

GATHER THESE DOCUMENTS (COVERING THE LAST 1–3 MONTHS):

Income: pay stubs or benefit letters; bank deposit records (wages, tips, gig work, support payments, pensions, VA benefits)

Bills: rent/lease or mortgage, utilities (electricity, water, internet, etc.), insurance, childcare, transportation, medical

Accounts: bank and card statements; debt statements showing the interest rate, minimum payment, and due date for each

START WITH WHAT YOU HAVE

You don't need a perfect picture before you start. Pull this month's bills and your most recent pay stub first. Everything else can be added as you find it over the next week or two. A partial picture beats no picture.

SPECIAL SITUATIONS

Irregular income (gig, seasonal, freelance): Pull 3–6 months of deposits instead of pay stubs, plus mileage or expense records, if you're self-employed. Use that average to build your baseline income (see “Map Your Income”).

Shared household: If you split finances with a partner or roommate, gather each person's income and note who's responsible for which recurring bill before you build the plan together.

No bank account: Track cash spending in a notebook or with receipts for 30 days instead of pulling statements. A community action agency (see the back cover) can also help you find low-cost account options nearby.

KEEP IT SAFE

Financial documents deserve a little care. Keep paper originals in one folder, store digital copies somewhere only you can access, and shred paper you no longer need once it's entered into your checklist.

TRACK WHAT YOU'VE GATHERED

Use this checklist alongside the documents list on the previous page. Check items off as you find them, and jot down where each one came from. Some bills might be available on the internet, others only by mail. You'll need that same source again next month.

Document	Where I Found it
Pay stub(s)	
Other income (benefits, support, gig deposits)	
Bank statements: checking	
Bank statements: savings	
Credit card / loan statements	
Rent or mortgage statement	
Utility bills (electric, gas, water, internet)	
Insurance statements	
Childcare or medical bills	
Other: _____	
Other: _____	

WHERE TO FIND EACH DOCUMENT

- **Pay stubs:** your employer's portal, or HR/payroll office
- **Bank and card statements:** your online banking login, or call to request paper copies
- **Benefit or award letters:** SSA.gov, your state unemployment portal, VA.gov, or your caseworker
- **Debt statements:** the creditor's app or website, or a call to customer service
- **Utility bills:** your provider's app or website, or last month's mail



MAP YOUR INCOME

List every source. Wages and tips, gig or seasonal work, benefits, support payments, pensions, VA, anything that regularly hits your account. Note how often each arrives: weekly, biweekly, monthly, or irregular.

Pick a baseline. Use the smallest reliable amount you expect in a typical month. Build your plan on that floor. Treat anything extra as a bonus you assign on purpose, not money that quietly disappears.

If your income varies, use this two-part system:

- Average 3–6 months of deposits to estimate a typical month.
- Build a small buffer. Aim for the equivalent of one paycheck. When income arrives, refill the buffer first, then fund your spending categories. This way a slow week doesn't knock out the rent.

Make paydays work for you. Set up direct deposit if you can. Schedule essential bills, housing and utilities, to go out right after payday. Read your statements monthly so nothing surprises you.

Line up bills and paychecks. If your due dates and paydays don't line up, call your billers and ask to change due dates or split large bills across two paychecks. Most will accommodate this.

When things change. New job, reduced hours, or a new household member? Update your income baseline first, then adjust your plan.

The "first dollars" rule. When money comes in, fund housing and utilities first. Then food and transportation. Everything else follows.

NET INCOME VS. GROSS INCOME

Build your budget on net income, the actual amount that hits your bank account after taxes and deductions. You may see gross income (your total salary before deductions) used in rental applications or loan paperwork, but for day-to-day planning, net is what matters.

If you're self-employed or do gig work, taxes aren't automatically taken out of your income. Figuring out your net income requires an extra step. You'll need to set aside money for taxes (typically 25–30% of your total income, depending on your situation). Factor that in before you build your plan.

WORKSHEET: MY INCOME

Use net (take-home) amounts. If income varies, use your average from the last 3–6 months as a baseline.

Source	How often paid	Monthly amount (net)

MAP YOUR SPENDING

Not all spending happens on a predictable schedule. Sorting expenses into three categories makes choices clearer and helps you find your best wins.

Fixed (roughly the same each month): rent or mortgage, renter's or homeowner's insurance, car payment, childcare.

Variable (changes month to month): groceries, gas, utilities, personal care, household supplies, school costs.

Periodic (irregular but predictable over time): car repairs, medical copays, annual fees, back-to-school shopping, gifts and holidays.

Periodic expenses trip people up most often. They feel like emergencies, but they're not. A car will need repairs. The holidays will come. Back-to-school will happen. Because these costs are predictable you can plan for them. A small monthly "sinking fund" for each one means they stop being surprises.

Build the full picture. Use Budget / Actual / Difference for all three categories. Start with your 30-day totals, then adjust the Budget column until it reflects a reality you can actually live with.

THINGS TO ADDRESS NOW:

Avoid overdraft and late fees which drain progress quickly. Move due dates, keep a small "guardrail" balance in your checking account, and set payment reminders.

Buy Now, Pay Later multiplies your due dates and can obscure how much you owe. Add each plan to your debt list and consider pausing new purchases until your budget is stable.

Small daily spending adds up fast. Set a weekly cap for categories like coffee, takeout, or convenience purchases, or use cash so the limit is physical.

WORKSHEET: MY SPENDING (30-DAY TRACKER)

Track every expense for one month. Write it down the day it happens.

[illegible]

Track 30 days, no judging. Write down every expense the day it happens. At the end of the month, total each category and fill in your worksheet. You'll quickly spot fees, unused subscriptions, and "money leaks," and you'll see where you underestimated essentials.

Find the leaks. Highlight last month's statement for fees, unused subscriptions, and small daily spending that adds up. Even redirecting \$5–\$25 a week toward utilities, minimum payments, or a starter emergency fund builds real momentum.



BUILD YOUR FIRST MONTHLY PLAN

FIVE STEPS:

List take-home income for the month (use your baseline).

Fund essentials first: housing, utilities, food, transportation.

Add a starter savings line: even \$25–\$50 builds the habit and starts protecting you.

Plan the rest: minimum debt payments, health costs, personal spending, savings goals.

Make it zero-based: Income minus total planned spending and saving = \$0. Every dollar has a job, even if that job is "savings."

MAKE AN ACTION PLAN

Identify 3–5 small moves that improve the math this month: request a due-date change, cancel an unused subscription, list an item for sale, ask about a payment plan, or split your direct deposit between checking and savings.

During your weekly check-in, update actuals and note what to tweak for next month.

Expect to adjust. The first few months are discovery. Your budget will get more accurate as you learn your real patterns. Don't fall into the trap of waiting for a perfect plan. A simple plan you'll follow always beats a detailed one you'll abandon.

WORKSHEET: MY GOALS

Goal	Target Date	Dollar Amount	My Next Action

WORKSHEET: MY MONTHLY BUDGET PLAN

Category	Budget	Actual	Difference
ESSENTIALS			
Rent / Mortgage			
Electric / Gas			
Water / Sewer			
Groceries			
Transportation			
Childcare			
Insurance			
Phone			
Medical			
SAVINGS			
Emergency Fund			
Sinking Fund 1: _____			
Sinking Fund 2: _____			
DEBT PAYMENTS			
FLEX / PERSONAL			
Dining / Entertainment			
Clothing / Personal			
Household / Misc.			
TOTAL SPENDING + SAVING			

WORKSHEET: SINKING FUND PLANNER

Expense	Expected annual cost ÷ 12 = Monthly set-aside
Car Repairs	
Holiday Gifts	
Medical Copays	
Back-To-School	
Annual Fees / Dues	
Other:	
Total Monthly	

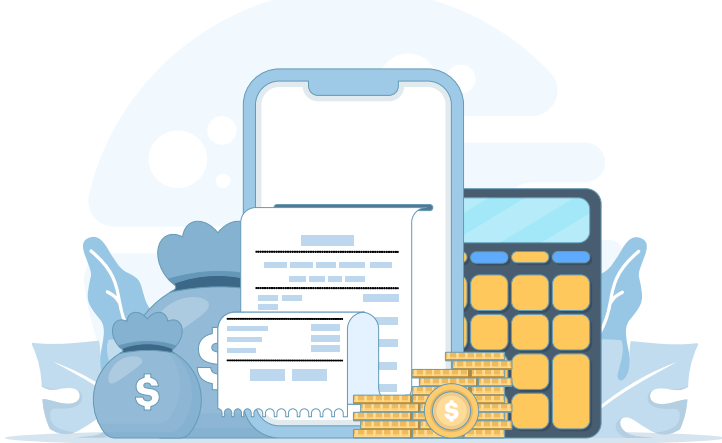
WORKSHEET: MY ACTION PLAN

Use this every month. Pick 3–5 tasks, assign a due date, check them off.

Task	Due Date	Done

MONTHLY CHECK-IN QUESTIONS:

What worked this month?
 What surprised me?
 What one thing will I change next month?



BE FLEXIBLE

ADJUST THE PLAN, MANAGE DEBT, AND PREPARE FOR SHOCKS

When the math doesn't work at first. You're not failing, you're finding out what needs to change. Use this short adjustment playbook:

Trim or time-shift. Start with non-essentials: subscriptions, dining out, brand swaps. Then look at timing: can you move a due date or split a large bill across two paychecks?

Protect housing and utilities. If a shortfall is coming, call early, before you miss a payment, to request a payment plan or a new due date. Get any arrangement in writing and add it to your Action Plan.

Tackle debt on purpose. Two strategies work well:

Avalanche (pay off highest interest rate first): saves the most money overall.

Snowball (pay off smallest balance first): builds momentum and motivation fastest.

Both strategies work. The best one is whichever you'll actually stick with. Automate minimum payments on all debts so nothing falls behind, then send any extra money to your target account. Re-check quarterly.

WORKSHEET: MY DEBT LIST

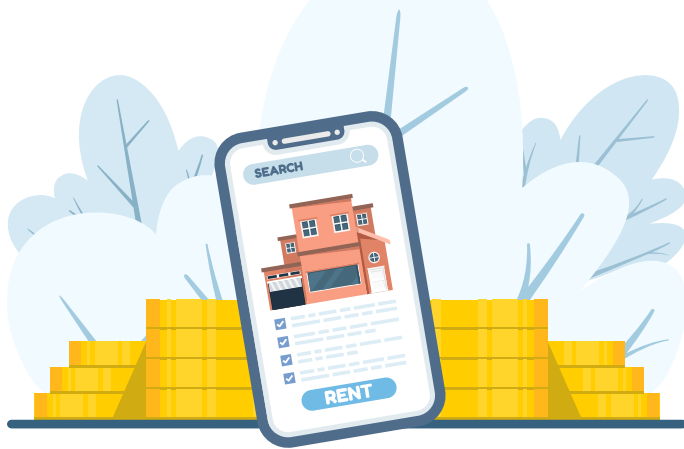
Creditor	Balance owed	Interest rate	Minimum payment	Due date	My Strategy (Avalanche / Snowball)

Build shock absorbers. Start a \$250–\$500 starter emergency fund. Even \$25 a month gets you to \$300 in under a year. Then build sinking funds for periodic costs you know are coming.

Divide the annual amount by 12 and move that amount to savings each month. When the expense arrives, the money is already there. Keep the loop going. Make a one-page Action Plan each month with 3–5 tasks, assign an owner and a due date to each. Do a brief follow-up: what worked, what needs a tweak?

Expense	Estimated Annual Cost	Monthly set aside

Need a second set of eyes? A housing counseling agency can help you review your plan and prioritize steps for free. See the back cover for how to find one.



KEEP HOUSING AFFORDABLE

The big picture. A widely used benchmark: spending more than 30% of income on housing costs (including utilities) is considered "cost-burdened." Spending more than 50% is "severely cost-burdened." These ratios help you see whether housing is squeezing out other essentials.

Quick math. Monthly take-home income $\times 0.30$ = a rough benchmark for total housing costs.

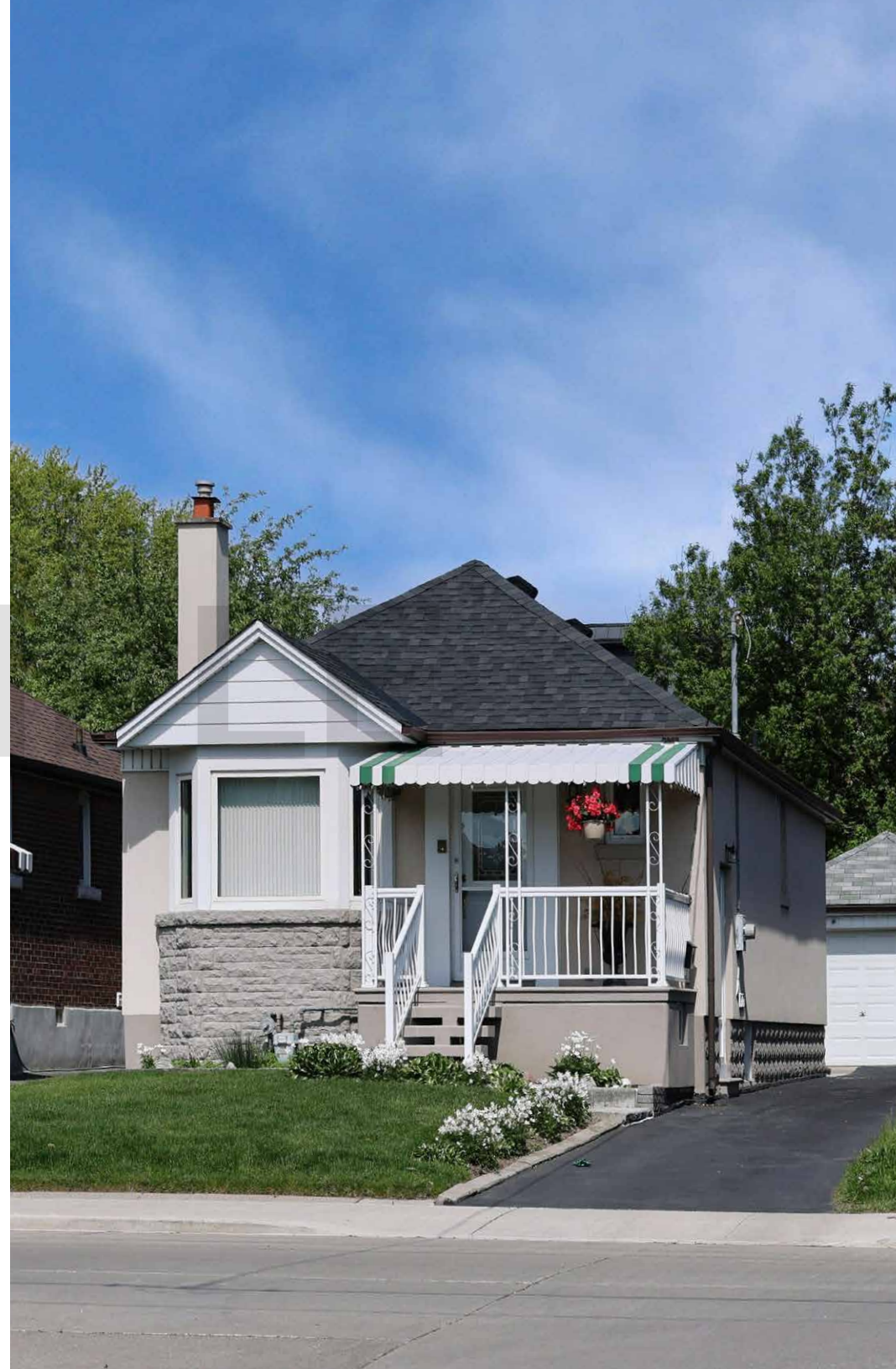
Example: \$2,200 income $\times 0.30$ = \$660 benchmark. If rent plus utilities runs \$900, housing is taking 41%, a real constraint that's worth addressing over time.

If you're over 30%, you're not doing it wrong. In many places, housing costs are simply high. The goal isn't to feel bad about the number, it's to understand the constraint and work both sides over time: reduce costs where possible (renegotiate, right-size, improve energy use) and look for ways to increase income.

Renters: plan for rent + utilities together. If you pay utilities directly, include them in your housing total.

Thinking about buying someday? Lenders often use benchmarks in the low-30% range for housing costs and the low-40% range for total debt-to-income. Treat these as vocabulary to know, not promises, programs and underwriting guidelines change.

Prevent bill shocks. Use a bill calendar to align paydays and due dates. Ask utilities about budget or levelized billing to smooth out seasonal spikes.





WHAT TO DO WHEN A CRISIS HITS

Sometimes a budget isn't about getting ahead, it's about getting through. If you're facing an immediate shortfall, here's a simple triage order:

Step 1: Stabilize housing first. Contact your landlord or mortgage servicer before you miss a payment. Explain your situation and ask about a payment plan or a short-term deferral. Get any agreement in writing. Most landlords and servicers would rather work something out than begin an eviction or foreclosure process.

Step 2: Look into the Low-Income Home Energy Assistance Program (LIHEAP), a federal program to assist with energy bills. Call your utility providers and ask about assistance programs, budget billing or extended payment arrangements.

Step 3: Address food. Local food banks, SNAP (food stamps), and WIC (for families with young children) can free up cash for other essentials. Your local community action agency can connect you with these resources quickly.

Step 4: Talk to creditors. Credit cards, medical bills, and personal loans are lower priority than housing and utilities, but don't ignore them. Call and ask for hardship plans, reduced minimums, or interest pauses. Many creditors have programs that aren't advertised. Keep a log of who you spoke to, the date and specific agreement reached.

What to say when you call a biller:

"I'm having a financial hardship right now and I want to stay current with you. Can you tell me what options are available for payment plans, due date changes, or assistance programs?"

You don't need to over-explain. Clear and direct gets results.

Step 5: Contact your community action agency. These agencies exist for moments like this. They can help you access emergency assistance funds, utility help, food resources, and budget counseling, often in a single conversation.

RESOURCES

Visit these sites for additional information:

BUDGET WORKSHEETS & TOOLS

YOUR MONEY, YOUR GOALS — TOOLS & WORKSHEETS:

www.consumerfinance.gov/your-money-your-goals

EMERGENCY ASSISTANCE

LIHEAP ENERGY ASSISTANCE

www.liheap.org

LIHEAP National Energy Assistance Referral number 1-866-674-6327.

FIND A FOOD BANK:

www.feedingamerica.org/find-your-local-foodbank

HOUSING & COUNSELING

FIND A HUD-APPROVED HOUSING COUNSELOR (FREE):

www.hud.gov/findacounselor

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