

Budgeting

Business Essentials

Spring 2015

6 Steps to Creating Your Budget

- Know your net income (take home pay)
- Know your debt
- Know your fixed expenses
- Know your variable expenses
- Keep track of your expenses
- Review your budget monthly

Go online for budgeting resources



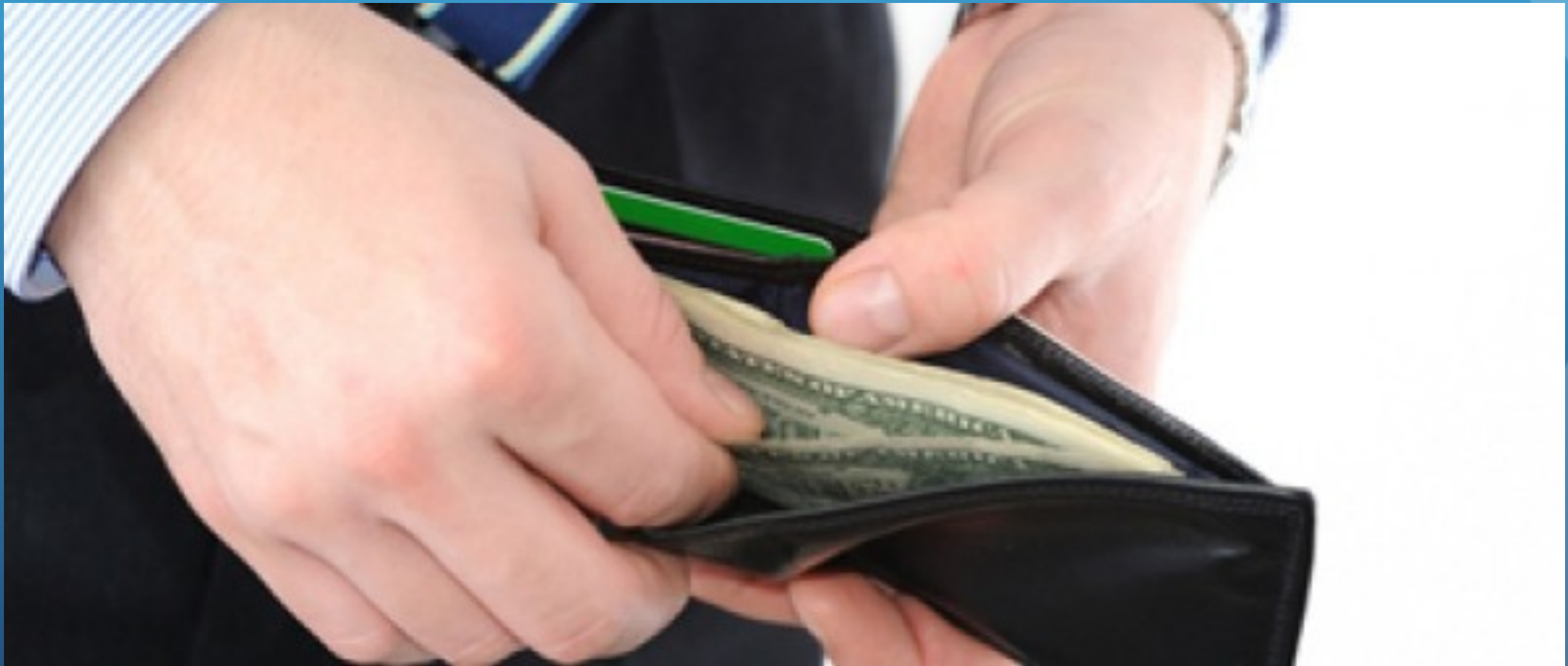
What About You?

- Do you work during the summer months?
- Do you work during school?
- Do you have a savings or checking account?
- Do you budget your money
 - from summer to next summer?



What is Disposable Income?

- The amount remaining after all of your costs that you need to survive have been paid.



What is Discretionary Expense?

- A cost which is not essential for the operation of a business or home
- Often defined as things which are “wants” rather than “needs”

“Know the difference
between your
necessary and
discretionary expenses.”
—Alexa Von Tobel

Variable vs. Fixed Expenses

- A variable expense is a cost that changes significantly from period to period
 - *Typical household variable expenses are the cost of maintenance, clothing, groceries, gasoline, gas, and water*
 - *These often change based on weather conditions or needs*
- Fixed expense are those costs that remain the same over time



Know Where You Stand



Four Steps to a Good Financial Future

Takes common sense & smart habits

- Plan a budget
- Pay off your debt
- Set a savings goal
- Plan for emergency fund



Stretching Your Budget

- 80% of budget goes to living expenses
- Takes discipline
- Prioritize your wants vs. needs
- Takes planning

