

Budget – Where should the \$ go?

You get to decide for yourself, but having a starting point in order to know what is reasonable can really help. Here are 2 different options to consider.

1. **Dave Ramsey's Guidelines** 1st – Zero Balance Budget: every dollar is accounted for on paper before you start spending AND your emergency fund is established

Charity 10%

Savings 10% ^{10-15%} (retirement fund, college fund, emergency fund repair as needed, and any other categories you want – such as new car fund)

Housing 25% (includes rent/mortgage, insurance, taxes, home maintenance & repairs)

Utilities 5% (electricity and/or gas, water/sewer, trash, phone/cellphone, cable, internet)

Food 5% (groceries, restaurants, household items & toiletries)

Transportation 10% (includes auto insurance, gas & oil, maintenance & repairs, tires, parking & tolls, registration & other fees, and car payments if you have them 😊)

Clothing 2% (clothing, shoes, accessories, laundry needs)

Medical 5% (includes medical insurance, doctor/dentist visits, medications)

Personal 5% (cosmetics, haircuts, child care, educational expenses – tuition & supplies, life insurance, disability insurance, sports fee, gym memberships, household items & toiletries, dues, lessons, gifts – including Christmas, postage, subscriptions, pet care, music/technology/books, pocket money/"Mad Money," child support, alimony)

Recreation 5% (entertainment, babysitters, vacation & travel, hobbies, pocket money/“Mad Money”, subscriptions, music/technology/books)

Debts 0%

Other 18% (your choice – pet care as a separate category, home maintenance & repairs as a separate category, gifts as a separate category, an insurance category: life/disability/ID theft/ long-term care insurance as separate category – possibly including auto, health & homeowner’s, college tuition & fees as a separate category, & debts if you have them. 😞)

2. The 50-30-20 rule

50% of your adjusted take home pay (gross) should go toward
needs

30% of your adjusted take home pay (gross) should go toward
wants

20% of your adjusted take home pay (gross) should go toward
savings and/or debt repayment

(Note – if you carry a credit card balance, the minimum payment is a need and should be part of the 50%)

Types of Expenses:

Fixed - Every month/Same \$ amount

Autopay

Examples: auto insurance, mortgage/rent

Variable - Every month/Different \$ amounts

Autopay

Examples: water, electricity

Intermittent - Random

Check, Debit Card, Electronic Funds Transfer

Examples: eye glasses, birthday gifts

Discretionary - Often monthly/You choose the \$ amount

Cash using the Envelope System

Examples: food, clothing
entertainment