

Developing a Home Budget

Financial security for everyone is based on a balanced household spending plan.



Step 1: List all income and expenses. Use net take home pay AFTER taxes.

Review check book register, credit card statements and cash receipts to be sure all expenses for the household are being considered. Fill in the chart below using a PENCIL!

MONTHLY NET INCOME (AFTER TAXES)	
Primary income	
Secondary income	
Part time income	
Alimony/Child support	
Rent received	
Social security benefit	
Pension/Retirement	
Unemployment income	
Food stamps	
Total Monthly Income	0

HOUSING EXPENSE	BALANCE	PAYMENT
1st mortgage		
2nd mortgage		
Rent		
Association dues/Lot rent		
Property taxes		
Home insurance		
Total Housing Expense		0

UTILITIES	CURRENT	PAST DUE
Heating gas/oil		
Electric		
Water		
Trash/disposal		
Cable/Satellite		
Telephone/landline		
Cell phone		
Internet		
Alarm service		
Miscellaneous utility		
Total Utility Expense		0

SECURED DEBTS	BALANCE	PAYMENT
Auto loan/lease		
Auto loan/lease		
Recreation vehicle		
Time share/vacation property		
Student loan		
IRS/State Taxes		
Total Secured Debts		0

FLEXIBLE HOUSEHOLD EXPENSES	Estimate	Actual
Groceries/month		
Household/paper products		
Dining out		
Lunch		
Entertainment		
Gasoline		
Car insurance		
Vehicle tags/license		
Car maintenance/Oil/Tires		
Health/Dental insurance		
Dentist/Orthodontic bill		
Prescriptions		
**MONTHLY SAVINGS		
Christmas/Holiday		
Birthdays		
Child care		
Child support		
Allowance for children		
School supplies/tuition		
Home maintenance		
Church/charity		
Personal care/grooming		
Pet care		
Clothing		
Drying cleaning/laundromat		
Total Household Expenses		0

UNSECURED DEBTS	BALANCE	PAYMENT
Total Credit Card Debt		
Total personal loan debt		
Total Unsecured payments	0	0

ASSETS	
Checking	
Savings	
401k	
403B	
Value of vehicles paid in full	
Value of Real Estate paid in full	
Total Assets	0

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Step 2: Analyzing the numbers. Take the total from the income box on page one and insert it in the CASHFLOW SUMMARY box below. Do this for all expense categories. Subtract all of the expense categories from the total income category. The result is your disposable income each month and should be between 5 and 10% of your total monthly income.

CASH FLOW SUMMARY	
Total Monthly Income	0
Total Monthly Housing Expense	0
Total Monthly Utility Expense	0
Total Monthly Secured Debt Payments	0
Total Monthly Household Expenses	0
Total Monthly Unsecured Payments	0
TOTAL DISPOSABLE INCOME	0

A sudden illness, job loss, over spending or an unanticipated increase in expenses can throw your budget off and create a negative cash flow. No matter what circumstances led to a negative budget, a careful review of your income and spending is critical to your financial success.

MSU Extension in Washtenaw County offers free confidential budget counseling to help you review your budget and offer suggestions to help you get back on sound financial ground. Call our office today at 734-997-1678 to speak with a consumer counselor.

Even if there is positive cash flow each month, a review of spending can help put money back into your budget and increase your savings! Consider these budget conscious suggestions!

Increasing Income

1. Is a part time job possible?
2. Can you ask for a pay increase?
3. Ask a tax professional to review your current payroll deductions to be sure you are maximizing your take home pay each week.
4. Are you expecting a big tax refund? Can you pay debts with the return?

Things to remember about a budget

1. Your budget reflects the values of the household. Review where your money is being spent to be sure it accurately reflects your value system.
2. A budget should be considered FLUID and should be managed with a PENCIL! As circumstances change your budget should be flexible enough to change with it.
3. Budgeting puts you in control of your money rather than your money being in control of you!

Decrease Expenses

1. Can you cut back on groceries and dining out?
2. Review your monthly service statements for the home and cell phones, the internet and cable. Can something be eliminated or a service reduced?
3. Can you swap babysitting services with a neighbor or family member to save on child care costs?
4. Do you have a "daily money drain"? To find out take the 7-Day Money Challenge listed below.

7-Day Money Challenge (from bankrate.com)

Find the "daily money drain" that could be causing you to overspend! Make a 7-Day commitment to a cash only mind set and get on track with daily spending.

STEP 1: Estimate how much cash you need to cover a week's worth of gasoline, groceries and incidentals.

STEP 2: Withdraw only the amount of cash from the bank for the week needed to cover the items in step 1.

STEP 3: Track your daily spending by writing down every purchase and saving every receipt

STEP 4: On day 7 analyze your spending. If you got through the week with the cash, CONGRATULATIONS! If not, review the cash receipts and see where you could have trimmed costs. This is about developing a mind set that can lead to more money in your savings account and long-term financial plans that stay on track! Good luck!