

A budget is a tool to help you plan, prioritize and manage your income and expenses. Follow these steps to create your budget and remember to review and update your budget as often as necessary to reflect changes in income and expenses.

Write down your monthly take-home pay



List income you receive from any source, like a part-time job, a tax refund, gifts, unemployment, public assistance, child support or dividends and alimony. Add the entries to determine your actual income for that month. If you're in sales, work on commission or if you're receiving unemployment compensation, you may have to estimate since your income may vary from month to month.



List how much you deposit in savings each month

Even if it's only a small amount, list how much you deposit into savings each month from your take home income.



List your fixed monthly expenses

Set amounts for the must-have items and services that you pay for each month, like rent or mortgage, car payment, telephone, cable and/or Internet access.



List your variable expenses

This includes all expense amounts that change and you pay weekly, monthly, quarterly, semi-annually or every year. For example, groceries, clothing, haircuts, property taxes, auto and homeowners insurance and gas and electric.



List estimates for once-in-a-while expenses

This includes expenses like birthday and wedding gifts, or holiday gifts and entertainment.



Total your fixed and variable monthly expenses for the year and divide by 12 to get a monthly estimate



Carry over the balance for the next month or unexpected expenses

If after paying your bills and putting money in savings, you still have funds, you can carry over the balance for the next month or use it for unexpected expenses. If this month's balance is negative, download our "Checklist: Spending Money Wisely" for ways to cut back on expenses.

Source: FTC.gov