

# Create a Budget, and Stick to It

If you are like many Americans, you may find that you are spending more than you're saving. This is an easy and common pattern to fall into, and one that requires some planning and discipline to reverse.

## CREATE A BUDGET

As unpleasant as this may sound, creating a budget is nothing more than examining your income and monthly expenses in order to determine exactly how much money you have coming in and where you're spending that money. Once you've got a clear understanding of your current budget, your challenge is to find places where you can spend less (or earn more) in order to achieve your financial goals.

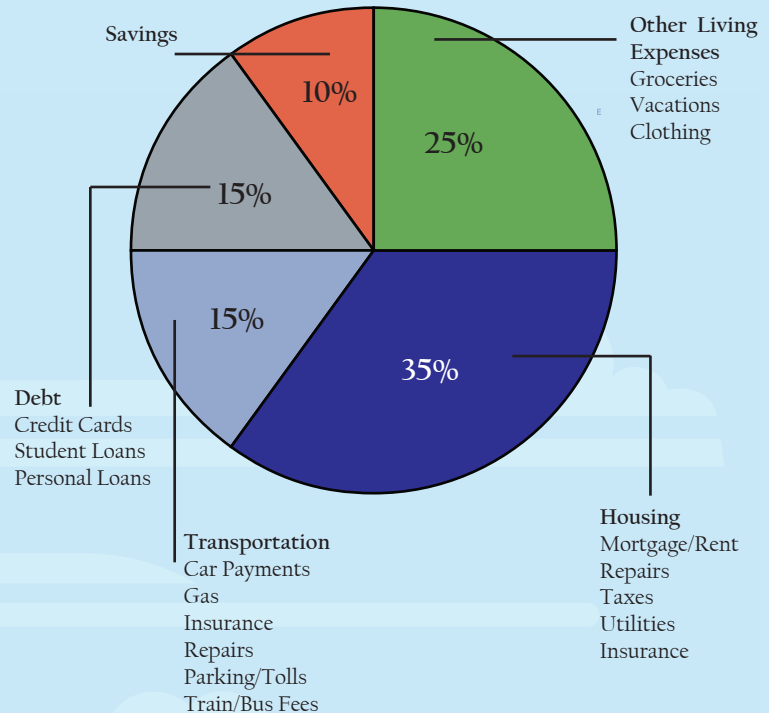
## TRACK, TRIM AND TARGET

Once you start tracking expenses, you may be surprised to discover where some of your hard-earned money is going — snacks, coffee, gasoline, dining out, vacations, new clothes, etc. Some of these are easily trimmed. Cutting back is usually a better place to start than completely eliminating. Be realistic. It will help you to be better prepared for unexpected costs.

## SOME GUIDELINES

The chart to the right shows some guidelines on how much of your income should be allocated towards different spending categories. If you live in an area where transportation is higher than normal or rents/mortgages are higher, you may need to make adjustments. Also, if you would like to add a section for gifts, or charitable giving, then you'll need to subtract from another area.

SPENDING PLAN PIE CHART



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