

# Personal Budget Workbook

Welcome to the Personal Budget Workbook! Inside you'll find everything you need to understand where your money has been going and take control of your spending and saving.

Easy step by step instructions will guide you through the process. Even if you've never made a budget, you're bad with numbers, and you don't know the first thing about personal finance, the simple steps and worksheets will put control of your money back in your hands.

You work hard for your money and it's important that your money works hard for you. How you choose to spend it should be a conscious decision and on things that really matter to you. Saving for retirement, for a rainy day or for that dream vacation should be a real possibility. Your Personal Budget Workbook will help you get there.

You will need a calculator, a pencil and eraser, a printer and a binder and three-hole-punch to contain your completed worksheets (all included in this Workbook). You will also need either access to your bank accounts and credit cards online or the last three months of statements. Once you've gathered up these supplies, you are ready to begin.

# STEP 1: Create Your List

You are going to start by creating a list of expenses and income. Your list will be grouped under three main categories: Income, Debt Repayments & Savings, and Spending. Don't worry about the numbers right now. Focus on listing where your money comes from and where it goes. Read through the next two pages which explain the categories and how to get started.

## Income

This category includes all regular sources of income. This will include your pay cheque if you are working plus any other income that you receive regularly.

## Debt Repayments & Savings

Here you will list all the loan payments you make monthly such as car loans. If you have a mortgage, it goes in this category. Be sure to include a line for savings here. Even if you cannot put any money into savings right now, add a line.

## Spending

This is the big one. We're going to divide this category into two smaller categories. One for Fixed Costs and one for Variable Costs. We do this to help us focus on which costs we can control and change.

### FIXED COSTS

Fixed Costs are expenses that don't change much and cannot be eliminated. For example, if you are renting the place where you live, rent is a Fixed Cost. The amount doesn't change and you cannot eliminate it since you need a place to live.

This section also includes utilities such as power and water. Even though these costs can fluctuate a little month to month, they are for necessities. I also include cell phone costs in my Fixed Cost budget. My kids and I need cell phones to stay in contact with each other and we don't have a land line so I see cell phones as a necessity.

Insurance should be included here too. Car, home and health insurance are all Fixed Costs. I put health insurance in a separate line on my budget called "Medical Expenses". I include costs of prescriptions and medical treatments such as chiropractor visits.

### VARIABLE COSTS

Variable costs are expenses that fluctuate each month and most or all of the expense is not strictly a necessity. For example, restaurants and take out food are not a necessity but many people enjoy eating out or the occasional pizza delivery. I have a line in my budget called "Restaurants."

Some of the items in this category are necessities and we have to spend money on them. For example, clothes are a necessity but the amount we spend on clothes can vary a lot depending on whether we buy designer items or scour the second hand stores. We have a lot of control over how much we spend here.

Groceries are in Variable Costs because this cost can also fluctuate widely depending on what kinds of food we choose to buy and how much is convenience vs homemade.

This category also includes a line for “Cash”. It’s easier to track spending if you use a debit or credit card. If you like to use cash, it’s ok to keep doing that but start saving the receipts every time you spend more than \$10.

I don’t use a lot of cash but I like to carry a bit of cash for items under \$10 like a cup of coffee. These costs go under “Cash”. Try to account for all the cash that you’ve withdrawn from your account. If it’s a big portion of your spending, you’ll want to know what you spent it on and break it out into your line items. It’s not very useful to have a large amount lumped into the “cash” line. You can’t see where you spent it and thus you cannot take steps to reduce that spending.

### **GETTING STARTED**

Print the My Budget Worksheet on pages 4 and 5. It already includes common list items. This is your starting point.

1. Read through the list and cross out anything that doesn’t apply to you. For example, if you don’t have young children, cross out “Childcare”. If you don’t pay property taxes, cross that out.
2. Once you’ve crossed out items that don’t apply to you, consider whether there are items not on the list that you need. There are blank lines for you to add list items. Start by thinking about your financial obligations and adding them to the list. For example, if you borrowed money from a family member and make monthly payments to them, you might add a line called “Loan from Dad”. Add all your loans payments to the list.
3. Think about other expenses that are not on the list. For example, if you or one of your children attend post secondary school or private school, you can add “tuition” to your Fixed Costs. Add any other expenses that you pay regularly to the list. Don’t worry if you miss something now, you can always add to the list later.
4. What are your sources of income? What brings money in? If you have other sources of income besides a pay cheque, add lines for your sources of income.

### **GROUPING**

You may be wondering how much detail you need to include in your lists. What I mean is, you could list restaurants and take out food as separate items or group them into one item.

How your list is grouped or split out is completely up to you. You want enough line items so that you can see where your money is going. But you don’t want so many items on your list that it takes a long time or is cumbersome to track the expenses.

For example, if you need to buy clothes for work, you might split your clothing into “work” and “non-work” clothes. If you have children, you might want to make a separate “clothes” line for each of them.

You can always change your line items going forward so don’t get too hung up on getting it perfect the first time you try.

**MY BUDGET WORKSHEET**

**INCOME**

Employment income

**DEBT REPAYMENTS & SAVINGS**

Car loan

Mortgage

Savings

Line of credit

**SPENDING**

**Fixed Costs**

Insurance

Utilities

Cell phones

Childcare

Medical costs

Property taxes



## STEP 2: Record Your Recent Transactions

Now that you've got a list of your sources of income, your debt repayments & savings, and your spending, it's time to start adding the amounts.

1. Print a few copies of the Transaction Tracker worksheet on page 8. The number of copies you need depends on how many items are on your list. Each Transaction Tracker worksheet has space for 6 list items so if you have 36 line items on your My Budget Worksheet, you'll need 6 copies of the Transaction Tracker.
2. Write each item from the list on your My Budget Worksheet across the top of the Transaction Tracker worksheet. It doesn't matter what order you put them in. You want one column for every list item. An example is on page 7.
3. Start with your most recent bank account statement, top of the page, or if you use online banking, look at the most recent transaction. Fill in the amount under the appropriate list item. Generally, I categorize each purchase I make into one line item. If the first transaction in my bank account is a purchase at a grocery store, I put the amount under "Groceries". I wouldn't try to split it out among Food, Cleaning Supplies, Beauty products, Vitamins, etc. Just lump it all into "Groceries". If you shop at a big box store such as Walmart and buy groceries, clothes, school supplies, etc, all in one purchase, going forward it may be worth keeping the receipt and splitting it out among different line items.
4. Now look at the second line item on your screen or statement. Where did you spend money? A restaurant or coffee shop? If so, write the amount you spent under "Restaurants and Take Out". Continue going through your statement or scrolling through your online account until you've recorded every transaction over the last month. If you use a general purpose credit card, like a Visa or a Mastercard, add the spending on your credit card over the last month to the correct line, even if you haven't paid it off yet. See below for more on how to record credit card transactions. Complete this step for every bank account and credit card you use regularly.
5. After you've got one month of transactions filled in, stop and total up your columns. Then start the next month. The example on page 7 shows how this is done for a few line items.
6. Continue through your bank statements or online transaction history until you've gone through the last three months and you've got your total income, debt repayments & savings and spending for each of the last three months. Complete this step for every bank account and credit card you use regularly.

### How to Record Credit Card Transactions

Ideally, you want to categorize your credit card transactions under the list item that reflects what you bought and not just have one lump sum "Credit Card Payments" item on your list. That doesn't help you to see where your money has gone. So if you bought groceries on your credit card, you want that spending to go under "Groceries", not a line item called "Credit Card Payments".

If you bought a big ticket item, like a new washer and dryer, on a store credit card, add a line item to your list called "Loan for Washer and Dryer". If you are paying it off in monthly instalments, put the monthly payments under that line. This line goes in the Debt Repayment & Savings category.

EXAMPLE:

TRANSACTION TRACKER						
List Item	Groceries	Gas	Cash	Paycheque	Car Payment	Student Loan
Month: August	72.86	35.00	60.00	2,500.00	832.33	427.91
	87.98	20.00	100.00	2,500.00		
	105.62		80.00			
	87.88		60.00			
	14.12					
<b>Total</b>	<b>368.46</b>	<b>55.00</b>	<b>300.00</b>	<b>5,000.00</b>	<b>832.33</b>	<b>427.91</b>
September	84.96	40.00	80.00	2,500.00	832.33	427.91
	15.97	20.00	40.00	2,500.00		
	98.65	55.00	100.00			
	134.22		60.00			
	121.03					
<b>Total</b>	<b>454.83</b>	<b>115.00</b>	<b>280.00</b>	<b>5,000.00</b>	<b>832.33</b>	<b>427.91</b>
October	100.51	50.00	40.00	2,500.00	832.33	427.91
	16.23	35.00	100.00	2,500.00		
	89.00	20.00	40.00			
	54.89	30.00	20.00			
	67.89		40.00			
	115.74					
	444.26	135.00	240.00	5,000.00	832.33	427.91
Regular Month (Step 3)	450.00	120.00	280.00	5,000.00	832.33	427.91





## STEP 3: Estimate Your Future Transactions

After completing Step 2, you now have the total amounts you spent in all your line items for the last three months. Congratulations! That's a lot of work. You've gone through your last three months of transactions and it's time to think about future transactions.

Take a look at the monthly totals that you calculated in Step 2 on your Transaction Tracker worksheet. Estimate an amount that you will earn, pay, or spend each month and write that number at the bottom of the worksheet. You could call it "Regular Month" because it's the amount you would earn, pay, or spend for an average, regular month with no unexpected or surprise transactions.

For example, if your spending on groceries in the last three months was \$386, \$463, and \$519, you might decide that \$475 is a reasonable amount to spend on groceries in a regular month. Or maybe you know you can live quite comfortably on only \$450 per month. When you've decided on a number, write it on the bottom of your Transaction Tracker worksheet.

If some of your items change based on the time of year, estimate an amount that is applicable for the coming month. For example, if you go to school and work part time from September to April, and work full time from May - August, estimate an income level that is relevant for right now. You'll get a chance to adjust other months in Step 4.

Other items are easier. If your rent or mortgage payment is the same each month, write the monthly payment amount on your Transaction Tracker worksheet.

If your income varies month to month, perhaps depending on commissions you earn, tips you make or how many hours you work, make an estimate of how much you will probably earn most months. Your budget will be based on that amount. If you make more, hooray! Celebrate with my 50/50 Rule. 50% of the extra income goes towards savings or debt repayment and 50% is yours to enjoy. Feel free to blow it on whatever gives you joy - a new book, video game, clothing, restaurants. I apply this rule to year end bonuses, lottery winnings and any other windfall.

## Step 4: Create Your Annual Budget

Now it's time to put it all together and create your Annual Budget.

There are some costs or expenses that don't get paid every month. They come up once or a few times a year. For example, tuition might get paid twice a year. Property taxes might be once a year. And I don't know about you but I don't get my hair cut every month. Some months I spend zero on hair cuts. This is why it's important to have an annual budget with 12 months budgeted out separately. Does that sound like a lot of work? It really isn't. You've done most of the work already.

1. To start, print pages 11, 12, 13, and 14. They look a lot like the My Budget Worksheet except there is a column for each month. These pages will become your Annual Budget.
2. Now get out your My Budget Worksheet and copy your list of items in the left hand column of the Annual Budget. Omit any items that you've crossed off and add any items that you added there.
3. Consider whether there are any other infrequent expenses that you haven't paid in the last three months but will come up in the next nine months. Add a line for each of those items. For example, if you take regular vacations, you might include a line for "Vacations" or "Travel". Once you have a complete list of all foreseeable expenses, you are ready to fill in the columns for each month.
4. Start with costs that occur every month, like groceries and gas. These amounts can be the same for every month. Fill in the amounts you wrote at the bottom of the Transaction Tracker worksheet for "Regular Months" in Step 3. Consider whether some months might be more less than the regular amounts. For example, if I'm expecting to spend \$450 on groceries in January, it will probably be the same for every month. I might increase it for December if I plan to do a lot of entertaining that month and cook for my guests. The beauty of an annual budget is that it allows you to plan for those events.
5. Fill in amounts for expenses that occur infrequently such as servicing your car, getting your hair cut and going on vacation.
6. Add amounts for debt repayments each month and savings.
7. Fill in your expected income each month. For many people, it will be the same number every month. However, if your work is seasonal or changes based on the time of year, go ahead and make your best estimate of how much you will make in each month.
8. Make totals for each of the major categories - Income, Debt Repayments & Savings, and Spending, both the Fixed Costs and Variable Costs. Subtract your Debt Repayments & Savings and Spending from your Income.
9. Each month should have zero leftover at the bottom. Every dollar is accounted for. You will probably need to adjust your budget numbers here and there to get to zero. If you have money leftover at the end of any month, add it to savings or increase your debt repayment. If your income doesn't cover all your Debt Repayments & Savings and Spending in any month, you'll need to reduce one or more of the amounts in those categories.

An example Annual Budget, for the first six months of the year, is included at the end of this workbook, on pages 20 and 21.

<b>ANNUAL BUDGET</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>
INCOME						
TOTAL						
DEBT REPAYMENTS & SAVINGS						
TOTAL						
SPENDING						
Fixed Costs						
TOTAL						



<b>ANNUAL BUDGET</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
INCOME						
TOTAL						
DEBT REPAYMENTS & SAVINGS						
TOTAL						
SPENDING						
Fixed Costs						
TOTAL						



## Step 5: Track Your Spending

Here's where the magic starts to happen! Now that you've got your budget, you can track the amounts you earn and spend each day. Doing this daily will allow you to see right away if you're on track or if you need to make adjustments.

### Getting Started

1. Print out the Monthly Budget worksheet on page 17 and write the next month at the top. For example, if today's date is September 19, I'll start in October and write "October" on the top of my Monthly Budget worksheet.
2. Write your list items across the top, just like you did on your Transaction Tracker worksheet.
3. Underneath each list item, write the budgeted amount for the month. Copy from the Annual Budget you created in Step 4. You will probably need to print multiple copies of the Monthly Budget worksheet for all your list items. You're now ready to track your spending.
4. Starting on the second day of the month, write down every dollar you spent and received the previous day. This is where it's helpful to use online banking. You can log in and check all the transactions that went through your account on the first day of the month. If you spent cash, use the receipts you kept and enter those amounts too.

Do this every day. If you keep up with it, it only takes a few minutes. At any point, you can total up the amounts you've spent so far to see if you're on track to meet your budget. For example, if you've budgeted \$200 for clothing and you get to the 15th and see that you've already spent \$180, you may decide to avoid the mall for the rest of the month. Tracking your transactions daily allows you to see if you're getting off track before it's too late to make course corrections.

### End of the Month

At the end of each month, you'll spend a little more time on your budget.

Last day of the month - Print copies of page 17 for next month. Fill in your list items and budgeted amounts so you're ready to track your spending when the next month begins.

First day of the month - Look back at the previous month. Add up all the amounts you've listed under each column and write the total at the bottom. Next compare the totals to the budgeted amounts at the top of each column. You will probably find you've spent a little more or a little less on many of your spending line items.

You have a few options.

1. You can adjust your budget for the next month by the amounts you were over or under. Say for example you budgeted \$200 on clothes but you only spent \$180. You can add the extra \$20 to the next month and increase your clothes budget to \$220.
2. You can adjust your current month budget by increasing or decreasing budgeted amounts to come closer to actual amounts. For example, say you spent \$20 less than budgeted on clothes but \$20 more than budgeted on take out food. You can decrease your clothes budget and increase your restaurants budget for the month to zero out the differences.

Make sure to note these changes and going forward, consider adjusting your budget to more accurately reflect your spending habits.

3. You can add unspent amounts to savings. For example, if you spent \$20 less on clothes, you can put that \$20 into savings.

The most important result of this exercise is that it allows you to adjust your spending habits to help meet your financial goals. You don't have to wait until the end of the month to calculate whether you spent more than you earned. Taking a few minutes each day to review your transactions allows you to be proactive in managing your spending and staying on track.





## Special Circumstances

Each person's financial situation is unique and there may be situations that are more challenging to fit into the budget framework provided in this Workbook. The following describes how to deal with credit card balances if you start this process with amounts owing for things you've purchased in prior months.

If you find you have a special circumstance and you're not sure how to fit it into the Workbook format, please feel free to e-mail me at [angela.bargen@gmail.com](mailto:angela.bargen@gmail.com) with your questions.

### **CREDIT CARD PARTIAL PAYMENTS AND BALANCES OWING**

As you follow your budget, you won't be increasing the amount owing on your credit card. Every dollar you spend, save, or use to pay debt will be covered by your income.

If, when you started tracking your expenses, your credit card was paid off, you'll continue to pay it off every month and record the transactions under the appropriate line items.

If however, you have a credit card balance owing when you're starting to track your expenses, you'll need to add a line item called "credit card payments" under Debt Repayments & Savings. Your goal is to get the credit cards down to zero, fully paid off. Try to allocate an amount to this line in every month of your annual budget.

As you continue to use your credit cards, add new transactions to the appropriate line items and pay for these amounts every month. In addition, pay extra on your credit cards towards the balance you had outstanding when you started this budgeting workbook. These extra amounts are recorded in the "credit card payments" line of your budget. If every month you pay for all your new transactions, plus pay extra towards paying off old transactions, you'll eventually get the balance down to zero. Then you'll be able to use the money you were spending on the extra payments for something else.

## Step 6: Make Your Money Work For You

Once you've been keeping track of your money for a while, you will start to see where you can make changes. Take a few moments now to think about some short term financial goals.

Would you like to:

- pay off your credit cards?
- pay down your mortgage more quickly? (imagine living mortgage free!)
- save more money?
- stop spending on things that don't matter to you and direct your money towards things that you really want?

Take a look at the spending in your Variable Costs category. What can you reduce? Do you have a closet full of clothes but keep buying more? Do you often go out with friends for expensive meals or nights on the town? Examine each line item under Spending and decide if you can to reduce. Then decide what you will do with the extra money. The choice is completely yours.

The category called Debt Repayment & Savings is your ticket to financial freedom. The more money you can direct away from Spending and into these lines, the faster you'll be debt free and on your way to building real wealth. How much money you redirect is totally up to you. Some folks can do without and others (myself included) want to live a more comfortable life. Now you have the tools you need to make these choices for yourself. You manage your money, your money does not manage you.

I would love to hear how the Budget Workbook works for you. If you have a few moments, please send me an e-mail at [angela.bargen@gmail.com](mailto:angela.bargen@gmail.com) and let me know. Also, I regularly publish articles on the fabulous world of budgeting, saving, and building wealth. Subscribe to my website to get these articles sent to your e-mail as soon as they're published.

# Example Annual Budget

ANNUAL BUDGET	January	February	March	April	May	June
INCOME						
Paycheque	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL	5,000	5,000	5,000	5,000	5,000	5,000
DEBT REPAYMENTS & SAVINGS						
Car Payment	547.18	547.18	547.18	547.18	547.18	547.18
Credit Cards	158.82	158.82	58.82	23.82	53.14	0
Savings	100.00	50.00	0	0	205.68	233.82
TOTAL	806.00	756.00	606.00	571.00	806.00	781.00
SPENDING						
Fixed Costs						
Rent	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00	1,800.00
Utilities & Bank fees	400.00	400.00	400.00	400.00	400.00	400.00
Insurance	279.00	279.00	279.00	279.00	279.00	279.00
Medical Costs	200.00	200.00	200.00	200.00	200.00	200.00
School fees	25.00	25.00	25.00	25.00	25.00	25.00
Charities	25.00	25.00	25.00	25.00	25.00	25.00
Cell phones	100.00	100.00	100.00	100.00	100.00	100.00
TOTAL	2829.00	2829.00	2829.00	2829.00	2829.00	2829.00

ANNUAL BUDGET	January	February	March	April	May	June
Variable Costs						
Groceries	450.00	450.00	450.00	450.00	450.00	450.00
Restaurants	125.00	125.00	125.00	50.00	125.00	125.00
Clothes	120.00	120.00	120.00	0	120.00	120.00
Kids' Clothes	80.00	80.00	80.00	80.00	80.00	80.00
Entertainment	50.00	50.00	50.00	50.00	50.00	50.00
Books	20.00	20.00	20.00	0	20.00	20.00
Haircuts & beauty products	50.00	25.00	50.00	0	50.00	25.00
Gas	80.00	80.00	80.00	80.00	80.00	80.00
Kids' allowance	50.00	50.00	50.00	50.00	50.00	50.00
Cash	120.00	120.00	120.00	120.00	120.00	120.00
Home maintenance	50.00	50.00	50.00	50.00	50.00	50.00
Car maintenance	0	75.00	0	0	0	0
Pets	50.00	50.00	50.00	50.00	50.00	50.00
Birthdays	0	0	200.00	0	0	50.00
Gym membership	45.00	45.00	45.00	45.00	45.00	45.00
Kids' sports	75.00	75.00	75.00	75.00	75.00	75.00
Travel	0	0	0	500.00	0	0
TOTAL	1365.00	1415.00	1565.00	1600.00	1365.00	1390.00
Leftover	0.00	0.00	0.00	0.00	0.00	0.00