

Extension Education
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New You, More Money?
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With the New Year comes a lot of pressure to make resolutions, set goals, and make changes. One of the goals and changes people tend to make revolves around budgeting. Creating a budget and living by one can be a good change, but it needs to be done in a sustainable way so that it can be maintained throughout the year and not just during the beginning of the year. Starting a budget, or adjusting your budget for your needs, can be intimidating, but it can also be a fun experience.

The first step to starting a budget is to set your goals for why you are tracking and evaluating your spending. Do you want to start a savings fund, or go on a big vacation? Finding out what your money goals are will help you stay on track with your budget.

Next you need to track your funds and find out where you are spending your money. Tracking your spending can show you where you are spending your money and where you may be able to cut down and save. It also makes it easier to set realistic numbers for your budget categories. There are lots of ways to track your spending. These range from writing down where and how much you spend for a whole month, to reviewing bank statements from the previous month and adding similar expenses together. If you want to get really high-tech, there are apps that can help you track your expenses, however, be advised that although these may be secure, the apps do ask for and request your bank account information.

Once you have tracked your spending you can see where you have spent money in the past, and can now set goals and numbers for how much you will spend in the future. For example, if last month I spent around \$300 on groceries in two weeks, then I can expect to spend \$600 in groceries for a month. This will help you set numbers for your categories. One tip to do here is to set your needs and your wants out separately, budgeting in the wants after the needs. For example, in my budget, I always start with my basic needs: housing, food, and transportation, before adding in my wants like entertainment, clothing, and vacation. One thing to keep in mind about a budget is that it will look different for everyone because we all use money in different ways. If you are in a relationship, talk with your partner about their needs and wants to make sure you are on the same page. It is also a good idea to talk with your children about what a budget is, especially if they receive any income (i.e. allowance, paycheck, etc.), and teach them to separate wants from needs. For children, their wants and needs may be hard to determine since their basic needs (food and shelter) are most likely met by you. When calculating your budget, be sure to put in a category for your goals or savings. It is recommended that everyone have a savings amount to cover emergency needs like health. Even if you cannot always put in a lot to this fund, try to put in a bit each month so that you can build this account. Once you have your budget set, the hard part comes – sticking to it. Some tips you can use to stick to your budget is to continue to track your expenses. If you don't know how much you are spending in one category, it will be hard to stick to it. If you are using apps to track your spending, you can usually set an alert about when you are getting close to reaching the limit you

have set. If not, you will need to be vigilant about keeping track of your spending. One way to do this is to set an alarm each day and record any money you have spent. That way you will know, on a daily basis where you are and what you have available to spend in that category.

If you find yourself going over in one category, remind yourself that it is first, okay to make mistakes as you are learning, but also to reset and re-evaluate. Did you go over because you had to? Or did you go over because you wanted to? If you went over in one category, you may need to adjust your numbers for next month. If it is continuously the same category where you overspend, you may need to evaluate why you have spent so much in that area. One thing to keep in mind with money is small things can add up over time. If you have a cup of coffee that costs \$2 everyday, that cup of coffee will have cost you \$60 by the end of the month. You may find that instead of buying that cup of coffee each day, it only costs \$.50 a day to brew it at home. Finding ways to cut back on spending, even if it is only in one area, will help you be able to stick to your budget and reach your money goals.

Sticking to a budget isn't always the easiest, but if your goal for the New Year is to be a new you and save more money, you can do it. Follow these guidelines, track your spending, and you will be able to stick to what you need to be saving.