

CREATING A BUDGET



ONE OF THE MOST IMPORTANT TOOLS TO FINANCIAL STABILITY IS CREATING A BUDGET

A budget is a plan for future spending and saving. You need to know how much you make in order to see how much you can afford to spend and save. Budgets allow you to be in control of your finances, ensure you have enough each month to meet your needs, see where your money is going, and make changes if there are any problems.

What should you include?

Any amount of money you get on a regular basis should be included in your budget

- Your paycheck from work
- Additional earned income
- Money received in aid (CalFresh, TANF)
- Repeating grants

How often should you update your budget?

You should update your budget every time you expect a change in income or expenditures.

- You get a new job
- Hours go up or down at work
- Regularly expected grants/aid change
- You take on a new bill or get a bill paid off
- Basic needs expenses change

How to prepare

- Get totals for all your current income. Look at your paycheck stubs and other sources of income for accurate numbers.
- Get correct amounts for your expenses. Often, what we *think* we spend on certain things isn't what we *really* spend.
- Use your bank account to help you get accurate expenses.
- Log into your bank account, download your expenses for 1 month into an excel, and sort them by company name. This will put all like items together. For example, all Arco expenses will be grouped together, all 711 will be together, etc. Total each section and you will have an accurate amount for what you spend in different areas.
- If you do this for 3 months, you will have an average across months that will be even more accurate.

DETERMINING YOUR INCOME

Net Pay From Work. This is the amount AFTER taxes that you take home.

If you make \$18/hr and work 20 hours per week

$\$18.00 \times 20 = \360.00 gross (before taxes)

$\$360.00 \times 4$ (weeks per month) = \$1,440 gross (before taxes)

Approximately \$1,350 net (after taxes) per month

Other funds to support income

\$200/month - CalFresh

Regularly reoccurring aid/grants

$\$2,200 \text{ FASFA} + \$2,500 \text{ Program Grants} = \$4,700$ **(total amount)**

Divide that by 6 months, which is the amount of time until you get your next big financial aid package (fall and spring)

=

\$780 per month to supplement your income **(monthly amount)**

To make this work, you will have to take the total amount of aid you receive for the semester and put it into your savings account. Then, every month, you can pull out the monthly amount and put it into your checking account to supplement your income.