

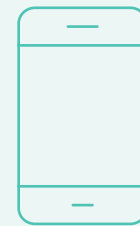
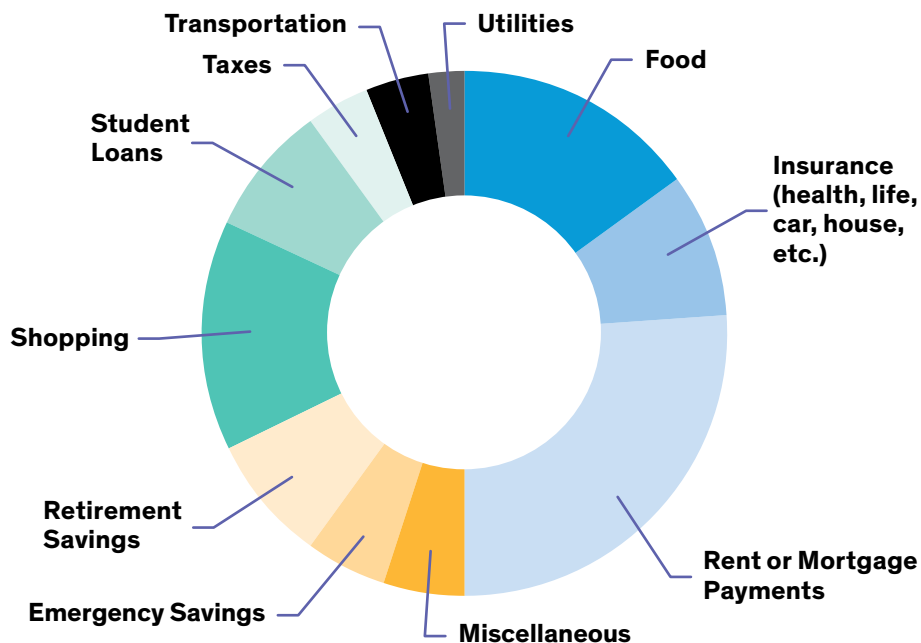
Building a Personal Budget That Gets You Ready for Expected—and Unexpected—Expenses

Budgeting is about making a specific plan for how you're going to spend your money—so you can be confident in your total financial picture.

Personal budgets help keep your spending in check, and they ensure your savings are on track for the future. Getting a handle on your spending habits is a critical piece of building—and sticking to—your personal budget. Think of it as simply planning ahead—you choose the direction your paycheck will go once you get paid.

Personalize Your Budget

Budgets aren't one size fits all. Templates and online budgeting tools provide a great framework, and you can customize them to your expenses and financial goals. Organize your budget into categories that make sense for you—here's one approach to tracking where the dollars are going.

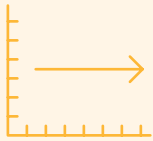


Five Budgeting Apps to Try

- Simplifi by Quicken
- Mint
- You Need a Budget (YNAB)
- PocketGuard
- Personal Capital

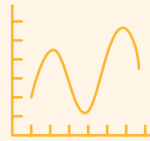
Two Types of Expenses in Your Budget

You can also group your expenses into two broader groups—fixed and variable expenses—and understanding the difference between them will help you prioritize your money to meet your fixed expenses first.



Fixed Expenses

These costs typically don't change much, and they're usually paid on a regular basis. Think of mortgage or rent payments, car payments and insurance premiums.



Variable Expenses

These costs can change from day to day. They include things like dining out at restaurants, shopping and entertainment. Generally, you have a lot more control over these expenses.

What About the Surprises in Life?

A good budget can help you get better control of the expenses you know about, but a great budget can prepare you for the surprise expenses in your life. What do these pop-up costs look like? Sometimes, they're one-time events like paying for your child's braces. Maybe it's home expenses like an unexpected leak in the roof.

When you're building your budget, it may be a good idea to include a category for surprise expenses that could pop up, whether it's a pet-related emergency or a car that suddenly decides to act up.

Remember, the perfect budget isn't created overnight. You may have to make a few adjustments before you feel comfortable and in charge. Start small, set realistic goals and take your time building a budget that works for you.

Four types of unexpected costs to consider:



One-Time Occurrences



Car Maintenance



Home-Related Expenses



Pet Emergency

A personal budget can help you feel in control over your money. Think of it as a tool that helps you prioritize your expenses and pursue your financial goals. More importantly, creating your personal budget is the first big step toward building your total financial picture—and feeling confident about it.

Four Steps to Building a Personal Budget

- 1 Pick an online budget tool and create a list of all your expenses—fixed and variable. Then, fill in the numbers.
- 2 Calculate your monthly income.
- 3 Check the difference between your total expenses and your income.
- 4 Stick to it and know that you're taking the right step toward understanding your total financial picture!

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