

# The Budget Bible

5 steps to creating a budget you  
can stick to!



Starting your journey to building good Financial Health

Written by Shatisha Stephens

**Introduction:**

Hello! I'm Shatisha, Financial Literacy Advocate and creator of Financial Matters with over 10 years of experience in coaching and educating individuals, families and communities on personal finance strategies.

**About the Author and how she rewrote her money story**

In matters of money, you matter! So you get to rewrite your money story..... Starting now

Do you have fears around handling your finances? Do you tell yourself that you can't save, or release debt. Well what if I told you that your thoughts about money is a direct correlation to the habits and decisions that you live everyday. So if this is the case, let's think positive and capture how we want our new money story to look.

I will go first!

My relationship with money began when I was 14. This was the age that I got my first summer youth job. Prior to that I grew up in a household where money was always limited. My grandmother made the choice to stop going to school after my mom passed to raise me and my sister. Due to this decision she relied on public assistance for income, and so every month she would get about \$54 in cash and \$250 in food stamps(better known as EBT these days).

I remember a lot, but specifically what comes up as a result of not having much money was getting teased for knock off brand clothes, having to wait until people left the store because I was ashamed of using food stamps and not having some of the luxurys things as other households such as cable. I was a kid, what did I know? At this time I vowed that when I got old enough to get a job that I would, because I wanted to help my grandmother and not see her struggle.

Therefore, with my very first job, I gave my grandmother about \$100 from my checks a month to go towards household bills. I would buy food and toiletries for the house when I could and I brought all the name brand clothes I can afford (lol). Anyway, that was just the beginning here I'm 33 years old now and have been working ever since.

Clearly I didn't just jump from 14 to 33. I went through life's journey working and always remembering that I never wanted to have that feeling about money as I did when I was 14. I felt pretty good with how I handled money and as the years went on and I was introduced to debt, different salaries and my mindset started to shit. I began to believe that having money was not a privilege but something you declared for yourself and your circumstances....

There have been many cycles of my money journey, I have saved money, then spent it, accumulated debt then paid it off, then accumulated more debt ...but today I choose what is most important to me and what I value...this is the option to experience financial wealth and freedom. Being able not to live from paycheck to paycheck, being able to save 6 months of my living expenses in an emergency fund, being able to aggressively pay off credit card debt, student loans and car payments and most importantly investing for my future and retirement.

So what have I learned?

That it's not how much money you make or have it's what you choose to do with it. Someone can be a millionaire and make bad financial decisions and have poor spending habits and go eventually go bankrupt. On the other hand there can be someone with a decent salary who is able to put 10% of their income into savings, pay off debt, save for retirement and live a lifestyle based on their financial goals. This is all in your relationship with money! Don't make up stories about why you can't save, why you can't afford x, instead think of the lifestyle you want to live, evaluate where you are with your finances and create some tangible goals for where you want to be. I dare you, go for it... declare what you want to change around your finances. Speak into existence how you will change your ways with money and watch your manifestations come to life.

Now it's your turn ...better yet, you don't have to do it by yourself. Let me help you.

Follow us on the platforms below:

Instagram:financialmatters\_

Podcast: financialmatters.podbean.com

## **Creating a budget you can stick to**

When I ask individuals their number one issue with money, they automatically admit that they have a hard time budgeting. The question is why is that? Do people find it hard to identify how to allocate their money? Do they not know where to start?

Hoping that this e-book gives you the answer to some of your questions and problems.

Budgeting is the first step to creating a relationship with money and building a good financial health. It requires you to get intimate with your money and pay attention to where it is going.

The very first step to creating a budget you can stick to is deciding how frequent you want to allocate your money. For example, I get paid bi-weekly so I prefer to do a budget for each check but I also have a money view. The choice is solely up to you.

Secondly I think you should decide on your preference for creating a budget do you prefer to use a planner, notebook, excel or app? Whatever is most convenient for you to stay consistent.

Lastly, in order for you to create a budget you should have some idea on how you are spending money today and what are your main expenses.

Once we have these things identified we can move into the steps for creating a budget....

Incase you were wondering:

What is a budget?

A budget is a finance tool that allows individuals to plan how their money coming in is distributed across their lifestyle choices

A budget is tailored to the individual's income and expenses and can vary depending on spending habits.

### Steps to creating a budget:

#### Step 1.

Calculate your money coming in. This can be income from a job, business, or any type of income stream. Once you have this amount you are going to draw down from this number with expenses you have coming out. If this amount varies month to month or check to check you are going to have to update it so that you get the full picture of what you have left or how much you are over.

Ex.

#### Monthly Budget

Income	Amount
Paycheck 1	\$1,218.00
Paycheck 2	\$1,218.00
<b>Total</b>	<b>\$2,436.00</b>

#### Step 2.

Calculate your expenses in two categories Fixed expenses vs. Misc expenses.

- Fixed expenses are expenses that do not change for example if you pay a set amount for rent, phone, car insurance, utilities, debt etc.
- Miscellaneous expenses are expenses that are subject to change such as food, gym membership, household products, etc.

Once you have these amounts identified you will start deducting them from the income that came in.

Expenses			
Misc. Expenses	Planned Amount	Fixed Expenses	Planned Amount
Savings	\$25.00	Rent	\$1,500.00
Debt	\$301.00	Electricity	\$80.00
Internet	\$90.00	Cell Phone	\$100.00

Food	\$100.00		
<b>Total</b>	<b>\$516.00</b>	<b>Total</b>	<b>\$1,680.00</b>

**Step 3:**

Once we have the income and main expenses identified can see if we are spending more than we have coming in or if there is money left over. This amount tells us what behaviors we should be looking into and deciding if we need to make adjustments or any changes. In this part you are going to simply minus your total income from your expenses to get the bottom number.

Ex.

Surplus/Deficit	
Income	\$2,436.00
Expenses	\$2,196.00
<b>Remaining</b>	<b>\$240.00</b>

If there are other expenses that we have not accounted for now is a good time to think about what those things are as we want to budget down to the last penny. For example if your a women and your get your nails and hair done every 2 weeks you want to allocate a line item for what your spending. If you have clothes that you take to the cleaners weekly, or have monthly subscriptions such a gym memberships, etc. you want to be sure that it's all accounted for.

Looking at it in this level of detail allows you to get very clear on how your money is This concept applies even if you are writing it down or using an app. You will still need to know this information. If you are struggling with these categories look at your pay stub for your income or bank statement it will tell you your deposits and you can also use it to see how you spent the money that came in.

If you are using a checkbook,you should be doing reconciliations to for the checks you are writing so that you know what is left in your bank account and both figures are balanced.

Take a second to review your numbers to see if you left off anything.

**Step 4:**

The easy part is over and now this is where you decide how you want to adjust your expenses. For example if you have a deficit meaning you have more expenses then you have income. You want to start thinking about what expenses you can reduce so that you either break even or have a positive amount at the end.

Look at the things that are within your control, so you know you can not change the amount you pay for rent unless you move but you can get your hair done or hair cut once a month instead of every 2 weeks and that will save X amount of dollars.

Secondly, if you create a spending plan in parallel this is simply where you track all your expenses, I recommend doing this for a month to see where you land.

Daily Spending Tracker					
Item	Amount	Date	Category	Payment Type	In budget?

Monthly Spending plan											
Income		\$4,500.00									
Category	Allocation	By check	Actuals	Variance							
Shelter	\$1,350.00	\$675.00	\$1,100.00	\$250.00							
Food	\$450.00	\$225.00	\$460.00	-\$10.00							
Utilities	\$225.00	\$112.50	\$625.00	-\$400.00							
Transportation	\$225.00	\$112.50	\$260.00	-\$35.00							
Future	\$900.00	\$450.00	\$1,210.00	-\$310.00							
Lifestyles	\$1,350.00	\$675.00	\$370.00	\$980.00							
<b>Total</b>	<b>\$4,500.00</b>	<b>\$2,250.00</b>	<b>\$4,025.00</b>	<b>-\$475.00</b>							
Monthly Expenses											
Shelter	Amount	Food	Amount	Utilities	Amount	Transportation	Amount	Future	Amount	Lifestyles	Amount
Rent	\$1,100.00	Lunch allowance	\$160.00	PSEG	\$150.00	Gas	\$60.00	401k contribution	\$210.00	Gym	\$20.00
		Grocery shopping	\$300.00	Cable	\$200.00	Tolls	\$50.00	Emergency Saving		Hair	\$150.00
				Cell phone	\$200.00	Metrocard	\$150.00	Investment		Nails/Feet/Eyeb	\$200.00
				Gas	\$75.00			Savings			
								Debt	\$1,000.00		
<b>Total</b>	<b>\$1,100.00</b>	<b>Total</b>	<b>\$460.00</b>	<b>Total</b>	<b>\$625.00</b>	<b>Total</b>	<b>\$260.00</b>	<b>Total</b>	<b>\$1,210.00</b>	<b>Total</b>	<b>\$370.00</b>

There are recommended rules for budgeting but are not mandatory. This can be a guide if you are thinking how much should i be spending in these areas. See below additional details:

#### 50% on essential expenses

- Rent/Mortgage
- Gas/Transportation
- Groceries
- Utilities
- Car Note
- Car Insurance
- Credit Card/Loan minimum payment

#### 30% Personal Pending

- Dining out, movies, happy hours
- Vacations
- Cable,Netflix- in home entertainment
- Clothing allowance
- Home decor

#### 20% Financial goals

- Saving
- Investments
- Increase debt repayments

Of course the above is dependent on your income and other variables according to your lifestyle.

Remember everyone's financial situation is different, the goal is a budget and plan that works for you.



**Step 5:**

Committing to the budget is the final step. This requires you to have ongoing conversations with your money and revisit the budget you created consistently. You can not create the budget once and decide that you are done you will need to adjust it accordingly as things change. For example, if you get a raise at work you want to be sure to update your money coming in, this will give you more of an accurate picture of your finances.

This also applies to any changes in your expenses for example if you paid off all your debt, you decided to stop paying for cable and your rent went up you should be reflecting that in your budget so that you have the latest numbers showing how things are going from paycheck to paycheck and month to month.

**Monthly Budget**

**Money in**

Income	Weekly	Bi-Weekly	Monthly
Income stream 2			
Income stream 3			
Total			

**Money out**

Expenses

Fixed Expenses	Amount	Debt	Amount	Misc. Expenses	Amount	Total
Rent				Food		
Light						
Gas						

**Things to remember:**

As mentioned in the beginning the budget is the first step to building good financial wealth, this will not solve all your finance or money issues but it is a crucial step to getting intimate with your money and starting to think about what behaviors or patterns you want to adjust.

I truly believe this also holds you accountable for being in control as we often tell ourselves I can't save, this is too expensive, I don't make enough when you have the opportunity to create expenses and live a lifestyle that fit your needs and not wants.

Give yourself the power to choose where your money goes and how you spend it. This will open up other financial goals you wish you achieve such as debt management, building a savings account, fixing your credit or starting to invest.

There are so many opportunities to get in your Financial Matters in order and it first starts with you. Personal Finance requires you to get personal with your finances, ask yourself how intimate are you with your money?

Lastly, I hope this e-book helped you think through how to create a budget but sticking to a budget that will work for you. In today's world, a budget is a must have and you get to create one for yourself by following the steps in this book.

Again, create positive habits with money and develop self-discipline and start speaking positive affirmations over your finances. Speak in abundance and always tell yourself that you have enough and you will make the best of what you have.

Thank you for taking the time to read this ebook. Look out for other resources published by Financial Matters and be sure to provide your feedback.

Stay blessed,

Shatisha