

Build a Budget That Works

1

Add up your income

Include all the money coming in, such as pay cheques, government benefits, spousal or child support and rental income. Treat variable income, such as commissions and tips, as bonus income. Include the funds in your budget, but don't rely on them to pay your regular expenses.

2

Add up your expenses and payments

Include all money going out each month.

- **Fixed expenses** – Bills that are the same every month, like mortgage and car payments.
- **Variable expenses** – Spending that may change every month, like groceries and entertainment.
- **Irregular expenses** – Bills that come up infrequently, like vehicle registration or property tax bills.
- **Debt payments** – Prioritize paying down debt by paying more than the minimum payment. You'll be debt free quicker and pay less interest.
- **Savings** – Pay yourself first by putting money into your savings before spending. Treat it like a bill and you'll be on your way to having an emergency fund to help with unexpected expenses. A good starting point is 10% of your income.

3

Add 'em up

Subtract your total monthly expenses and payments from your total monthly income. Your budget will balance when your income and expenses are the same. If you have more expenses than income, it's time to review your budget and cut back.

Monthly Budget

Income	Budget Amount	Actual Spent
Monthly Pay (after taxes)		
Alimony or Child Support		
Other Income		
TOTAL		
Difference (+/-)		

Housing Expenses	Budget Amount	Actual Spent
Mortgage/Rent		
Property Tax		
Home/Rent Insurance		
Condo Fees		
Electricity		
Gas/Heating		
Water/Sewage		
Telephone		
TV		
Internet		
Other		
TOTAL		
Difference (+/-)		

Debt/Loan Payments	Budget Amount	Actual Spent
Credit Card		
Line of Credit/Loan		
Legal Fees		
Alimony or Child Support		
Other		
TOTAL		
Difference (+/-)		

Savings/ Contributions	Budget Amount	Actual Spent
Personal Savings		
RRSP		
RESP		
TFSA		
Other		
TOTAL		
Difference (+/-)		

Personal Expenses	Budget Amount	Actual Spent
Groceries		
Cell Phone		
Entertainment		
Gifts		
Clothing		
Charity		
Vacation		
Dry Cleaning/Laundry		
Personal Grooming		
Furniture		
Bank Fees		
Dentist		
Optometrist		
Medicines		
Child Care		
Child's School Fees		
Child's Lunch Money		
Child's School Supplies		
Child's Extra-curricular Activities		
Child's Allowance		
Other		
Other		
Other		
TOTAL		
Difference (+/-)		

Transportation Expenses	Budget Amount	Actual Spent
Car Payment		
Auto Insurance		
Gas		
Parking Costs		
Public Transit Costs		
Other		
TOTAL		
Difference (+/-)		

Balances	Month Beginning	Month Ending
Chequing Account		
Savings Account		
RRSP		
RESP		
Credit Card		
Line of Credit/Loan		
Other		
Other		

Add It Up	Budget Amount	Actual Amount	Difference (+/-)
Total Monthly Income			
Total Monthly Expenses			
Difference (+/-)			

The **“How much should I budget?”** section of your budget tells you what percentage of your income you should spend on certain categories, including housing, transportation, personal expenses, debt repayment and savings. It also tells you how much you are actually spending in those categories. Use this guide to see where you should cut back and where you should be spending more.

How much should I budget? Where should I cut back?

Category	My Amount	÷	My Income	=	My %	Recommended % of Income
Housing		÷		=		35%
Debt		÷		=		15%
Savings		÷		=		10%
Personal Expenses		÷		=		25%
Transportation		÷		=		15%
Total		÷		=		100%



Money Saving Tips

- Set up a bill schedule or automatic payments to avoid late fees.
- Bundle services and negotiate better rates. Get rid of services or memberships you don't use.
- Write a list before you go shopping – and stick to it.
- Use unit pricing to compare costs at the grocery store.
- Bring your lunch to work.
- Cutback on expensive entertainment, like movies and dinner dates. Check with your tourism office for free entertainment in your area.
- Be green! Turn off the lights when you leave the room, and get a home energy audit to make sure your home is energy efficient.

Budgeting Tips

Know your spending habits: If you're not sure how much you spend in a category, make a realistic estimate about your spending by looking at bank statements, receipts and credit card statements.

Be detailed: Keep track of all your expenses – even the small ones can add up in a month! Compare your actual spending to your budget. This can help you easily spot areas where you may have under- or over-estimated your spending.

Adapt your budget: Spending habits and income can change throughout the year. Be flexible and adapt your monthly budget to fit your financial situation.

Plan ahead: Account for irregular or annual expenses in your monthly budget. Add up the total costs of all irregular expenses you pay in a year, and divide by 12. Set the money aside in a separate bank account so it doesn't get spent until it is needed.

Automate your savings: Set up an automatic transfer to your savings account every time you get paid so you aren't tempted to overspend.