SUCCESS@UMASS

COLLEGE BUDGET

WHAT IS A BUDGET AND WHY IS IT IMPORTANT?

A budget is a **tool** to help you balance your expenses with your income. Some people say it helps you establish the difference between your wants and your needs. To ensure you don’t spend more than you take it, **a balanced budget is key**. In fact, balancing a budget is the most foundational skill of personal finance, which is why it’s so important.

STEPS TO MANAGE A BUDGET

1. Create a one-month estimated budget
2. Track a month of actual budget incomes
3. Track a month of actual budget expenses
4. Compare the two budgets (Estimated vs Actual)
    a. What did you notice about how much you’re spending compared to how much you earn?
    b. Where do you think you can make changes to your spending so that you can start saving a little bit each month?
5. Create an expected budget for the next 12 months
6. Begin to track and adjust as needed

FINDING WHAT WORKS FOR YOU! WHICH TYPE OF BUDGET WILL YOU TRY?

☐ Paper ☐ Electronic (Excel/Google Doc) ☐ Phone App ☐ Other: ____________________

CREATE A FINANCIAL GOAL
Goal –
Resources Available –
Target Date –
Action Plan – *Break it down. Example: I will need to save $50 per paycheck (every other week) in order to save $500 by September 1 to put towards textbooks for next semester.*