

# TEEN NEWSLETTER

It's Your Life...  
*are you ready?*



## Build a Budget to Success!

If you are starting your first job, begin making good financial decisions with your hard-earned money. Let's get started by looking at how to create a budget and review some popular budgeting systems and how they work.

### Create a budget in 5 easy steps

- **Track your spending and income.** This includes all financial documents. Your Account Statements are financial documents that detail where and how you spent your money for a particular month. Keep track of your pay stubs and compare how much you earned to how much you spent.
- **Tally up your totals.** Calculate the totals of your monthly expenses and all your streams of income. If your income exceeds your expenses, you're in a good place. However, if your expenses exceed your income, or the numbers are too close for comfort, you'll need to trim some discretionary expenses to make it through the month without falling into debt. This means that if you see you spent too much on sweet treats or video games, it might be time to dial back those expenses to save for something much bigger.
- **List your needs.** Your needs include anything that is essential for living and basic functions, such as food, clothing, savings, and when you're older, rent. Needs always take priority in a budget. As you list each need, write down its corresponding cost. Sum up the total of your needs when you've finished.
- **List your wants.** This includes anything that is *not essential* for living, like entertainment costs, brand-name clothing, and eating out. Here, too, note the monthly cost of each item on your list and add up the total when you're done.
- **Assign dollar amounts to your expenses.** Open a new spreadsheet and copy your list of expenses, starting with needs, then your wants. Assign an appropriate dollar amount for each of these costs, making sure the total does not exceed your estimated total for monthly expenses.
- **Review and tweak as necessary.** You will likely need to adjust the amounts in each expense category at least once a year to keep your budget relevant. Likewise, you will hopefully be able to increase the amounts in the income column as you move upward in your career path or find additional income streams.

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## Budgeting systems

While every kind of budget involves tracking expenses and committing to a maximum spend each month, there is a wide range of budgeting systems to fit every kind of personality and money management style.

- **The traditional budget** doesn't involve much more work than the steps described above. After working out a number for every expense category, you'll simply need to track your spending throughout the month to ensure you're sticking to the plan. You can use a spreadsheet for this purpose, utilize one of the popular budgeting apps, or our [Money Management](#) online service.
- **The money-envelope system** works similarly. However, instead of simply committing to sticking to your spending amounts for each expense category, you'll withdraw the amount you plan to spend on all non-fixed expenses in cash at the start of the month. Divide the cash into separate envelopes, using one for each of these expenses. Then, withdraw cash from the appropriate envelope when making a purchase in that category. There's no way to blow your budget with this system; when the money in the "Dining out" envelope runs dry, that's all for this month!
- **The 50/30/20 budget** is simpler but requires more discipline. Set aside 50 percent of your budget for your needs, 30 percent for wants and the remaining 20 percent for savings. Of course, you'll need to make sure your income and expenses will work with this kind of budget. Does 50 percent of your income cover your needs? If yes, this budget allows for more individual choices each month and less accounting and tracking of expenses.

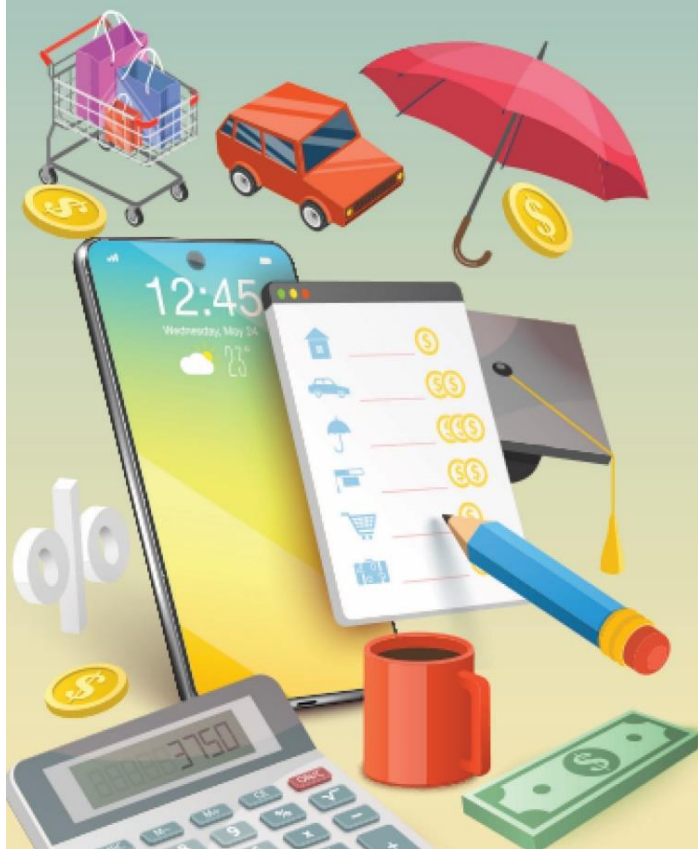
A well-designed budget can provide its creator with a sense of financial security and freedom. When you stick to a budget, you'll always know you have enough to get through the month and save for the future. Start budgeting today!


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## 6 REASONS TO Create and Stick TO A BUDGET




**1** You'll know how much money you have. 

**2** You'll prioritize your needs. 

**3** You'll identify your spending drains. 

**4** You'll spend more mindfully. 

**5** You'll save more money. 

**6** You'll stress less about money. 