



BUDGET AND BUDGETING

OVERVIEW

Budget has several meanings as it relates to financial health. A budget (noun) is the combination of money received (income or revenue) and money spent (expenses) during a set period of time. To budget (verb), or budgeting, is to keep track of money received and money spent, as well as to plan ahead for future revenue and expenses.

The time period of a budget can vary from shorter-term such as weekly or monthly budgets, to longer-term such as yearly (annual) budgets. A budget can change or stay the same from time period to time period depending on the expectations of how much money will be received and how much money will be spent. When planning a budget, it is generally advisable to spend less money than the amount that is being received during any given time period, making adjustments as needed when changes in revenue or expenses occur.¹

Creating and maintaining a budget can help to improve financial stability by creating awareness of one's spending habits and helping to make responsible decisions about money. Tracking and calculating a budget can be done on paper, or through various electronic methods such as Excel spreadsheets or other budget-oriented technology resources. A basic budget consists of keeping track of all money received through things like income, interest, investments, and sales, as well as all money spent. Basic expenses typically include clothing, entertainment and social outings, food, gas or public transportation, home (rent or mortgage), utilities (cable, electricity, heat, internet, and water), and other unforeseen expenses such as medical or repair-related costs. Additional expenses can include money set aside for investments or retirement.²

RESOURCES

¹ <http://www.investopedia.com/terms/b/budget.asp>

² <https://www.moneymanagement.org/Budgeting-Tools/Credit-Articles/Money-and-Budgeting/Make-a-Personal-Budget-and-Keep-Track-of-Spending.aspx>

ADDITIONAL INFORMATION

For more information, tools, and resources about budget and budgeting, visit:

https://www.consumer.gov/sites/default/files/pdf-1020-make-budget-worksheet_form.pdf

<https://studentaid.ed.gov/sa/prepare-for-college/budgeting/budgeting-tips>

<https://www.mint.com/budgeting-3/keep-track-of-your-finances-with-a-free-budget-template>

<http://money.usnews.com/money/blogs/my-money/2015/01/14/7-simple-and-free-budgeting-tools>