Budgeting 101

Budgeting lies at the foundation of every financial plan. It doesn’t matter if you’re living paycheck to paycheck or earning six-figures a year, **you need to know where your money is going if you want to have a handle on your finances.** Unlike what you might believe, budgeting isn’t all about restricting what you spend money on and cutting out all the fun in your life. It’s really about understanding how much money you have, where it goes, and then planning how to best allocate those funds. Here’s everything you need to help you create and maintain a budget.

**1. Budgeting Basics**On the surface it seems like creating a budget is just a tedious financial exercise, especially if you feel your finances are already in good order. But you might be surprised at just how valuable a budget can be. A good budget can help keep your spending on track and even uncover some hidden cash flow problems that might free up even more money to put toward your other financial goals.

**2.** [**How to Create a Budget**](http://financialplan.about.com/od/budgetingyourmoney/ht/createbudget.htm)The hardest part of creating a budget is sitting down and actually creating one. It’s like staring at a blank piece of paper when you need to write something and that first step seems like a massive hurdle. Don’t worry—we have provided a budget for you to start with.

**3.** [**Traits for Budgeting Success**](http://financialplan.about.com/od/budgetingyourmoney/qt/BudgetTraits.htm)Once you’ve taken the time to create a budget, now it’s time to make sure you follow it. Budgeting can be like going on a diet—you start with good intentions, but after a few weeks or months you drift away from your plan. Don’t let that happen to you.

**4.** [**Basics**](http://financialplan.about.com/od/budgetingyourmoney/qt/BudgetTraits.htm) **Guidelines for Successful Spending**

* Total food and drink 14.1%
* Housing 32.9%
* Apparel and services 4.0%
* Vehicles 9.1%
* Gasoline and motor oil 3.3%
* Other transportation 6.7%
* Healthcare 5.9%
* Entertainment 5.0%
* Personal care products and services 1.3%
* Reading .3%
* Education 1.9%
* Miscellaneous 2.5%
* Cash contributions 3.4%
* Savings 10%