



Employee NEWSLETTER

Employee Assistance Program
April 2018

Budgeting 101 (or 102, or 202, or 303)

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Let's face it: budgeting is not on a list of anyone's activities they do for fun. Budgeting is tedious, stressful, and frustrating when you inevitably break your budget.

However, for most people budgeting remains an inescapable and necessary component to saving for a new car, saving for a house, or saving for retirement. If it's been a while since you've set a budget, or if you're looking to tighten up your current budget, consider some of the following tips for working on and sticking to a budget:

Make A List of Your Expenses

Sounds simple, doesn't it? However, the biggest problem for most budgets begins with people not being honest about their expenses. While it may be uncomfortable, realistic budgets start with tracking every expense you make or expect to make, including: one-time expenses, gifts, recurring expenses, upcoming trips, nights out, retirement planning, etc. In order to lay the foundation for good budgeting, make a physical, written expense record where you track your spending according to the **spending categories on page 2**. Physically writing what you're spending in the moment will enable you to get a better sense of your habits in a way that computer programs just can't do.

Total Your Household Income

Your total income should include only your take-home income. Try to include expected bonuses, dividends, child support, or other sources of income. If your income isn't always the same, try to average your expected income based on the past year.

Make a Budget

Once you have the tools, you'll be better able to make a realistic budget for your household. Although there are a few different ways to create a budget, your budget worksheet should ultimately come down to money in versus money out. If you can, take your expected expenses for the year and compare them to your expected income for the year – that way you can make more sense out of small, regular monthly amounts like magazine subscriptions.

Once you have a budget and a financial goal in mind, consider where you can cut expenses to meet your goals. If you want to reduce your expenditures, cut a small amount across multiple categories. Also, be sure to preserve what you absolutely "must have." Like any other diet, you're more likely to succeed if you make room for the things that make your life satisfying.

Staying on Track

Without a doubt, staying on track is the hardest part of budgeting. Sticking to a budget can feel frustrating at times, and most people will cite the lack of progress as their primary reason for giving up on the idea of sticking to a set budget. If you know that you have had trouble with budgeting in the past, then consider ways to motivate yourself better this time.

Do you need to set a reward for having a good budget record? Do you have to make a large change before making small ones? Do you often give up when a setback occurs? If you treat your past failures as learning experiences, then you can better plan for your future budgeting success. And don't forget that your EAP is here to help with a free financial consultation. Simply call 1-800-777-4114, anytime.

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Expense Categories with Examples

HOME

Rent or mortgage
Property taxes
Homeowner's insurance
Homeowner's association dues
Telephone
Gas and electric
Water and sewer
Cable Internet service
Garbage
Household supplies
Housewares
Furniture and appliances
Cleaning
Yard or pool care
Snow removal
Maintenance and repairs

FOOD

Groceries
Dining out
Coffee and tea

CLOTHING

Clothes, shoes and accessories
Laundry and dry cleaning
Mending

SELF CARE

Toiletries and cosmetics
Haircuts
Massage
Health club membership

HEALTH CARE

Insurance
Medications
Vitamins
Doctors
Dentist
Eyecare

TRANSPORTATION

Car payments
Insurance
Road service club
Registration
Gasoline
Maintenance and repairs
Parking and tolls
Public transit and cabs
Parking tickets

ENTERTAINMENT

Music
Movies and rentals
Concerts, theater and ballet
Museums
Sporting events
Hobbies and lessons
Club dues and membership
Film development
Books and magazines
Newspapers
Software and games

DEPENDENT CARE

Child care
Clothing
Allowance
School expenses
Toys and entertainment

PET CARE

Grooming
Boarding
Vet
Food, toys, and supplies

EDUCATION

Tuition or loan payments
Books and supplies

TRAVEL

GIFTS AND CARDS

PERSONAL BUSINESS

Supplies
Copying
Postage
Bank and credit card fees
Legal fees
Accounting fees

TAXES

INSURANCE

SAVINGS AND INVESTMENTS

