

# *Building* **A BUDGET**

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**MONEY  
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# Getting started with **50/30/20**



GROCERIES

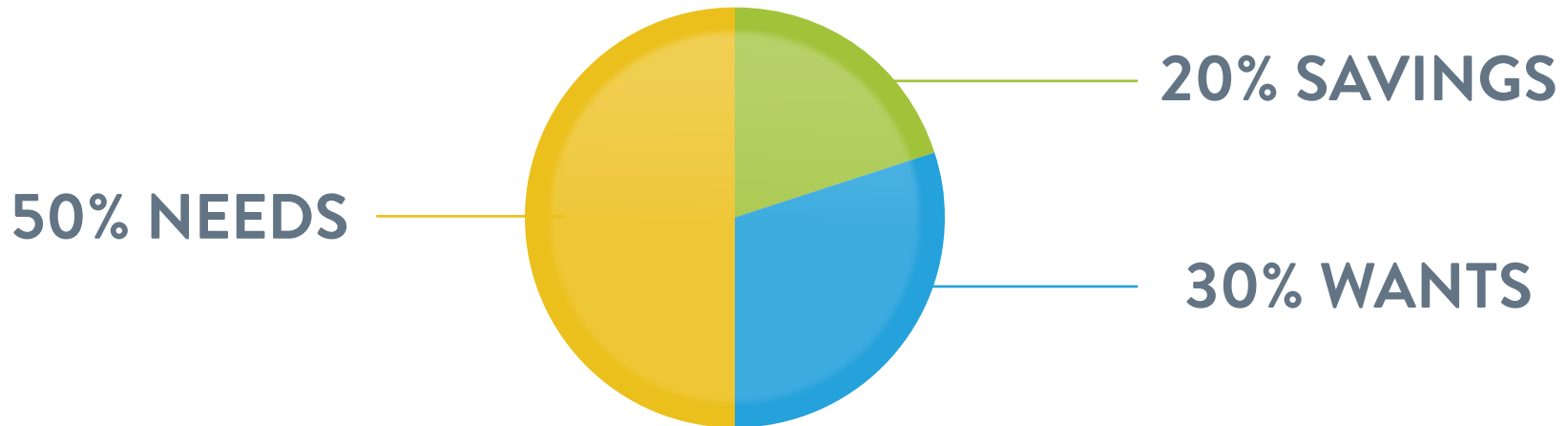
INSURANCE

RENT

ENTERTAINMENT

PHONE

**50/30/20** is a proportional budgeting system, meaning you divide your monthly income into different categories based on percentage



*Calculate your*  
**INCOME**



Your **monthly net income**—that's your take-home pay after taxes and payroll deductions—is used to determine your spending limits

# FOR EXAMPLE

If your monthly  
net income is

**\$3,000**

you should be  
spending

**50%**

= **\$1,500** on Needs

**30%**

= **\$900** on Wants

**20%**

= **\$600** on Savings

*Define your*  
**CATEGORIES**

The 50/30/20 budget divides your monthly spending into three categories:



# NEEDS



Needs are your **essential** expenses—skipping them would lead to serious consequences like illness, job loss or legal trouble

# NEEDS

Examples include:

- Housing/rent
- Basic utilities
- Food
- Clothing
- Health care
- Transportation
- Taxes
- Minimum payments



# WANTS

Wants account for a lot of your spending—these are all the **non-essential** products and services you buy



# WANTS

Examples include:



- Cable/Internet/ phone
- Restaurants/ takeout
- Entertainment
- Travel
- Fashion
- Electronics
- Subscription services

# SAVINGS

Savings are any expenses related to **debt repayment** and **savings plans**



# SAVINGS



Examples include:

- Emergency fund savings
- Student loans
- Credit card debt
- Retirement savings
- Down payments
- Personal savings goals

*Track your*

**SPENDING**



**Track your spending for at least two months** using the method you're most comfortable with—spreadsheet, app or online banking



*My spending:*

*Needs goal: \$1,500*    *\$1,300*

*Wants goal: \$900*    *\$1,500*

*Savings goal: \$600*    *\$200*

**Then, compare your monthly spending to your 50/30/20 totals**

Don't worry if they don't match up at first—start shifting your spending habits to better align your totals with the 50/30/20 guidelines

*Make it*  
**WORK**

If your spending isn't matching up with the 50/30/20 guidelines, you have a few options



## REDUCE YOUR SPENDING

In order to hit the 50/30/20 guideline, you may need to sacrifice some of your wants or find cheaper alternatives for your regular expenses

# INCREASE YOUR INCOME

If you're consistently overspending and unwilling to compromise, the only solution is to make more money—look for side gigs to increase your monthly income





## MODIFY YOUR PERCENTAGES

Match your budget to your financial goals—for example, if paying off debt is your top priority, a 30/10/60 budget will get you there faster

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