

Are You Financially Fit?

What is a budget?

A budget is a plan you record to decide how you will spend your money each month. It helps you make sure you will have enough money for your expenses. Without a budget, you might run out of money before your next paycheck.

A budget shows you how much money you make and how you spend your money. It helps you decide what you must spend your money on and if you can spend less money on some things and/or more money on other items.

The importance of saving

It can be hard to save money. It is especially difficult when your expenses go up and your income does not. Here are some reasons to try to save even when it's not easy.

- **Emergencies** – Saving small amounts now might help you in the future. Everyone has expenses they do not expect.
- **Expensive things** – Sometimes, we have to pay for expensive things – like a car, a trip or a security deposit on an apartment.
- **Your goals** – You might want to pay for college classes. Maybe you need to visit family. If you can plan for these personal goals and save money, then you might not have to use a credit card or borrow money to pay for them.
- **Retirement** – Even if you can only set aside a little bit, it is important to save for retirement. [RetireReadyTN](#) has advisors ready to help, whether you are just getting started or ready to retire. Call (800)922-7772 to schedule a session. Check out the following handouts from RetireReadyTN:
 - [Retirement Checklist](#)
 - [Hybrid Retirement Plan](#)
 - [Legacy Retirement Plan](#)

How can I save money?

- **For one month, write down everything you spend.** Small expenses, like a cup of coffee, can add up. When you know where you are spending your money, you can better decide what you might not need.
- **Pay with your credit card only if you can pay the full amount when the bill comes.** That way, you do not pay interest on what you owe.
- **Pay your bills when they are due so you will not owe late fees or other charges.**

- **Keep the money you are saving separate from the money you spend.** If you keep cash at home, keep the money you are saving separate from your spending money. Keep all your cash someplace safe.
- **Consider opening a savings account in a bank or credit union.**

How do I make a budget?

Write down your expenses. Expenses include:

- **Bills:**
 - bills that are the same each month, like rent
 - bills that might change each month, like utilities
 - bills you pay once or twice a year, like car insurance
- **Other expenses, like:**
 - food
 - gas
 - entertainment
 - clothes
 - money for family
 - unplanned expenses, like car repairs or medical bills
 - credit card bills

You might have bills that change every month. Look at what you paid for the same month last year. You might need \$200 for your gas bill in January, but only \$30 in July.

Write down how much money you make. This includes your paychecks and any money you get from any other source.

Subtract your expenses from how much money you make. This difference should be more than zero. If it is less than zero, you are spending more money than you make. Look at your budget to see what you do not need or what you could spend less on.

Use the [Make a Budget Worksheet](#) to track your expenses.

How do I use my budget?

- **At the beginning of the month, plan for how you will spend your money that month.** Write what you think you will earn and spend.
- **Write down what you spend.** Try to do this every day.
- **At the end of the month, see if you spent what you planned.**
- **Use the information to help you plan the next month's budget.**

Additional Financial Resources

- [Here4TN Member Services](#)
- [Here4TN Financial & Legal Resources](#)
- [RetireReadyTN](#)