



Budgeting

Budgeting can be intimidating if you have never done it before! At Access Credit Union we want to give you the knowledge and tools to reach your financial goals!

A budget is a list of your expected income and planned spending over a period of time. The process to creating a budget starts by looking at how you already spend your money, and deciding how you want to spend your money from now on.

To determine where you have been spending your money, follow these steps:

1 Review your spending:

- If you have only one bank account, you will need to print your bank statements. If your statements are not mailed to you every month, they can be printed from your online banking or by contacting your financial institution for a copy.
- If you have more than one bank account or use a credit card, you will need to print all statements and then compare your spending over the same period of time.
- If you mainly use cash, you will need to keep ALL your receipts to review your spending.
- We recommend looking at your spending for at least 3 months to identify patterns.

2 Assign each category of spending a different colour:

Examples could be:

yellow = food (groceries and/or restaurants)

blue = transportation

pink = utilities

green = entertainment etc.

If you mostly use cash, instead label envelopes with the categories you have selected.

3 Pick a category and start highlighting, then repeat:

Go through each line of your statement and highlight all the items that fit under that expense category. Repeat with each color of highlighter/ category, ensuring that all transactions have been highlighted or all receipts are assigned to an envelope.

4 Pick a category and add up all the transactions, then repeat:

Add up all the transactions of the same color or in the same envelope to get a total for each type of expense. Repeat with all colors/expense categories. The total represents the amount you spend in each category during that period of time.

5 Review your totals and create goals for each category:

These totals help you to see what you are actually spending on each category, and help you to set a goal for what you would like to spend in the future. Are there some that were higher or lower than you expected? Are there some categories where you could spend less? You will use this information on the 'expense' lines of your budget (Step 2 & 3 on the Zero Based Budget Template).

You are now ready to work through the Zero Based Budget Template!