



What is a Budget?

Put simply, a budget is a detailed list of your income and expenses.

Benefits to Creating and Maintaining a Budget

- Maintaining an accurate account of your finances will help you keep track of where your money is going.
- A budget helps you focus on your financial goals and plan for big purchases such as a home or car.
- Setting money aside for emergencies will help take the sting out of unexpected emergencies.



A good starting point is to maintain the Spending & Savings Plan you created when you attended Virginia Housing's free First-time Homebuyer class. Download a blank copy of the plan from VirginiaHousing.com/SpendingAndSavingsPlan.

Virginia Housing's Spending & Savings Plan

Sample Spending and Savings Plan Worksheet

- Income is money that is received on a regular basis. You'll want to include all earned income from documented sources such as paychecks or payments for services you provide.
- Expenses is the amount of you spend on something. There are three kinds of expenses: fixed, flexible and debt.

Three Kinds of Expenses

- **Fixed expenses** are regular and expected. Examples include your mortgage payment, childcare and your utility bill.
- **Debt expenses** are credit obligations you typically pay on a monthly basis. Examples include payments made towards credit card debt, vehicle loans and student loans.
- Flexible expenses vary by amount and don't always occur regularly. Examples include grocery bills, clothing, school supplies, putting gas in your car and things you do for fun.

Creating Budg



To accurately track what your flexible expenses, keep a small notebook with you or use an app on your smart phone. You can also save your daily receipts in an envelope and track the total at the end of the week. A good tip is to keep paper copies and digital copies of all your receipts.

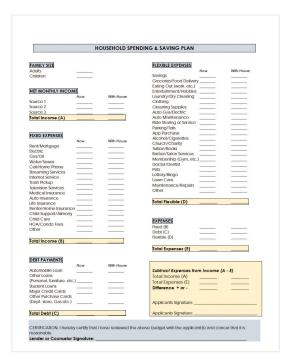
Budget Results

- If your budget shows you have extra unspent money, consider "paying yourself" and deposit some or all of it into an emergency savings account.
- If the result shows a negative amount, this means you're spending more money than you have. You'll want to review your expenses to determine where there might be opportunities to cut back.

Next Steps

- You are strongly encouraged to maintain your budget! Review and adjust your spending habits every few months, especially when your income and/or expenses increase or decrease significantly. You have the power to decide how your money is spent, and you can change your spending habits

 especially if your Spending and Savings Plan shows you're spending more than you have.
- A good tip is to set aside a specific amount for flexible expenses each month. You can also reduce what you're spending on a particular habit. Another option is to eliminate a flexible expense entirely, if possible.



Sample Spending and Savings Plan Worksheet