

# Creating a Budget

## 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](https://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.

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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.

HOUSEHOLD SPENDING & SAVING PLAN			
<b>FAMILY SIZE</b>		<b>FLEXIBLE EXPENSES</b>	
Adults	_____	Savings	Now _____ With House _____
Children	_____	Groceries/Food Delivery	_____
<b>NET MONTHLY INCOME</b>		Eating Out (work, etc.)	_____
Source 1	Now _____ With House _____	Entertainment/Hobbies	_____
Source 2	_____	Laundry/Dry Cleaning	_____
Source 3	_____	Clothing	_____
<b>Total Income (A)</b>	_____	Cleaning Supplies	_____
<b>FIXED EXPENSES</b>		Auto Gas/Fuel	_____
Rent/Mortgage	Now _____ With House _____	Auto Maintenance	_____
Electric	_____	Ride Sharing or Service	_____
Gas/Oil	_____	Parking/Tolls	_____
Water/Sewer	_____	App Purchase	_____
Cable/Home Phone	_____	Alcohol/Cigarettes	_____
Streaming Services	_____	Charity/Charity	_____
Internet Service	_____	Tutor/Books	_____
Trash Pickup	_____	Barber/Salon Services	_____
Television Services	_____	Membership (Gym, etc.)	_____
Medical Insurance	_____	Doctor/Dentist	_____
Auto Insurance	_____	Pets	_____
Life Insurance	_____	Lottery/Bingo	_____
Rent/Homes Insurance	_____	Lawn Care	_____
Child Support/Alimony	_____	Maintenance/Repairs	_____
Child Care	_____	Other	_____
HSA/Condo Fees	_____	<b>Total Flexible (D)</b>	_____
Other	_____	<b>EXPENSES</b>	_____
<b>Total Income (B)</b>	_____	Fixed (B)	_____
<b>DEBT PAYMENTS</b>		Debt (C)	_____
Automobile Loan	Now _____ With House _____	Flexible (D)	_____
Other Loans	_____	<b>Total Expenses (E)</b>	_____
(Personal, furniture, etc.)	_____	<b>Subtract Expenses from Income (A - E)</b>	_____
Student Loans	_____	Total Income (A)	_____
Major Credit Cards	_____	Total Expenses (E)	_____
Other Purchase Cards	_____	<b>Difference + or -</b>	_____
(Dept. store, Gas etc.)	_____	Applicants Signature: _____	_____
<b>Total Debt (C)</b>	_____	Applicants Signature: _____	_____
<small>CERTIFICATION: I hereby certify that I have reviewed the above budget with the applicant(s) and concur that it is responsible.  <b>Lender or Counselor Signature:</b> _____</small>			

Sample Spending and Savings Plan Worksheet

For more information, visit: [VirginiaHousing.com/Homeowners](http://VirginiaHousing.com/Homeowners), [VirginiaHousing.com/Serviceing](http://VirginiaHousing.com/Serviceing)