

Employee Assistance Program

Effective Budgeting

Do you find yourself working hard and not knowing where your money is going? Are you unable to save for a goal? Try using these steps to get a handle on what is flowing in and out each month to see where you could make adjustments.

1. Track *all* of your spending for 90 days using whatever method works for you (spreadsheet, notebook, phone App, or one of the many free tracking sheets available online or at www.eaphelplink.com using the login information below, search for worksheet).
2. Record all your sources of income.
3. After tracking your daily spending, break your expenses down into these categories – necessary expenses (these are essential and include utilities and rent or house payment) and discretionary expenses (these include subscriptions, cable TV, and other items that are desirable but not essential).
4. Next, separate out your monthly debt payments, which would include credit card bills, auto payments and personal loans. Determine a monthly amount that will result in paying off your debts as soon as possible, with a goal of two to three years. Once you are debt free, you will be able to save for your goals.
5. Establish your financial goals, including short-term goals (obtain within one year), mid-range goals (two to five years), and long-term goals (over five years). Write down your target date, total needed, current savings, additional savings needed, and how much you will need to put away each month.
6. Now it's time to come up with a monthly budget that includes necessary expenses, discretionary expenses and debt payments using all the categories within your 90 days of tracking. Look at your current expenses and design a new proposed budget.
7. Revisit your budget to see how well you are following your proposed budget and assess progress you are making toward your goals. Track your spending for another 30-60 days while using your new budget. Determine where you may be overspending and make adjustments. The most common areas that trip us up are food, entertainment, and retail shopping.
8. Will you reach your short, mid, and long-range goals if you stick with your proposed budget? If not, where can you make adjustments? Also, aim to save three to six months' income for emergency purposes.

How does your spending compare with these USDA national averages, keeping in mind that cost of living can vary widely across the country?

- Food – \$220 per month per person
- Housing – \$1,573 per month, including utilities, supplies and furnishings
- Transportation – \$560 a month per car (car payments, gas and maintenance)
- Healthcare – \$384 per month for a household
- Entertainment – \$242 per month
- Clothing – \$150 per month

If you have already tried to create a budget on your own without success, consider contacting your EAP at the number below or connect with a NFCC Certified Credit Counselor at 800.388.2227.

Reference: *The Power of Paycheck Planning*, credit.org



www.EAPHelplink.com



Company Code: USNH



1.800.424.1749

