



## Building your best budget.

Creating a budget is one of the most powerful tools to manage your finances, save for the future, and achieve your financial goals. Here's a step-by-step guide to help you build your best budget and stay on track.

### 1. Set Clear Financial Goals

Before you start crunching numbers, think about what you want to achieve. Your goals can be short-term (saving for a vacation or a new phone) or long-term (retirement savings or buying a home). Clear goals will help you stay motivated and focused on where your money should go.

### 2. Track Your Income

Begin by listing all sources of income, including salary, side jobs, or freelance work. Be sure to account for after-tax income (take-home pay). This will give you an accurate picture of how much money you have to work with each month.

### 3. List Your Expenses

Write down all your monthly expenses, including fixed costs (rent, utilities, car payments) and variable costs (groceries, entertainment, transportation). Don't forget occasional expenses such as annual subscriptions, insurance premiums, or holiday shopping. Categorizing expenses helps you see where your money is going.

### 4. Categorize and Prioritize

Divide your expenses into "needs" (must-haves like rent, groceries, and transportation) and "wants" (optional items like dining out or entertainment). Prioritize your needs first, and then allocate the remaining money to your wants and savings.

### 5. Create Your Budget

Now that you know your income and expenses, it's time to allocate your money:

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**Phone:** (860) 747-4152 | **Plainville Fax:** (860) 793-1121 | **Bristol Fax:** (860) 585-0644 | **Web:** [UBIFCU.com](http://UBIFCU.com)

- **50% for Needs:** This should cover essentials like housing, utilities, food, transportation, and insurance.
- **30% for Wants:** These are discretionary expenses such as dining out, entertainment, and travel.
- **20% for Savings & Debt Repayment:** Aim to save for an emergency fund, retirement, or pay off debt.

## 6. Look for Areas to Cut Back

Once your budget is in place, take a closer look at your spending habits. Are there any areas where you can cut back? Maybe you're spending too much on subscription services or eating out more than you need to. Adjust your wants category accordingly and direct those savings toward your goals.

## 7. Automate Your Savings

Make saving easier by automating transfers to your savings account or investment funds. Set up automatic deductions for retirement, an emergency fund, or any other savings goals. This will help you stay on track and avoid spending money you've set aside for the future.

## 8. Review and Adjust Regularly

Life changes, and so will your budget. Review it monthly and make adjustments based on any new goals or financial changes. If you get a raise or face unexpected expenses, update your budget to reflect these shifts.

## 9. Use Budgeting Tools

There are many apps and tools that can help you manage your budget, from simple spreadsheets to sophisticated apps like Mint, YNAB (You Need a Budget), or EveryDollar. These can help you track your spending and stay within your limits.

## 10. Stick to It & Stay Motivated

Building a budget is only half the battle; sticking to it is key. Stay motivated by celebrating milestones, whether it's paying off a credit card or reaching your savings target. Regularly check in on your financial goals to keep your progress on track.

By creating and sticking to a budget, you take control of your financial future, reduce stress, and set yourself up for long-term success. Happy budgeting!

Remember, UBI Federal Credit Union is local and here for you! Please let us know what we can do to help with your banking and financial needs! 860-747-4152 or find us at [www.UBIFCU.com](http://www.UBIFCU.com)

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