

How to Budget the Right Amount for Expenses



If you are wondering how to determine appropriate amounts to budget for food, gas, bills, and savings, use the following steps to guide you.

Track all your expenditures for one month.

1. Keep a record of all the money you spend, whether you spend with cash, credit/debit card, or checks (they still exist). As you track your expenses, you will notice two types of expenses: fixed and variable. Examples of fixed expenses include mortgage/rent, car payment, and insurance payment. Examples of variable expenses include groceries, eating out, and fuel.
2. Create a list or visual. Using the information gained by tracking your income and expenditures, create a computer spread-sheet or notebook/notepaper with the following categories across the top: **Description** (this is to list what each income or expense is), **Type** (fixed or variable), **Income**, **Expense**, and **Balance**. The lines down the page or spreadsheet will be where you will

individually list your incoming and outgoing funds (income and expenses).

Build your budget.

3. Now that you know how much you spend each month it is easier to determine how much to budget for each item, such as food, gas, vacation, etc. If you find that your expenses are greater than your income, don't despair. Tracking your expenses and building a budget will help you identify where you can cut back.

Knowing what you spend and how you spend will not only help you determine the appropriate amount you should budget for each expense but also help you save for long-term goals, such as buying a car or house.

By: Catherine Hansen, USU Extension Assistant Professor

June 7th, 2022