



Budgeting is a way of taking control of your spending.

What

A budget is a plan for managing where your money goes that can help you save money and avoid overspending.

Steps

Here are the steps you can take to make a budget:

1. Determine your monthly take-home pay.
2. Assess your current spending.
3. Set limits for different categories of expenses.
4. Fine-tune your budget as your needs and goals change.

Best practices

Consider following the 50/20/30 rule. With this approach, you set aside:

50% of your income to pay for needs, such as transportation, housing and utilities.

20% of your income to put toward goals, such as saving for college, reducing debt or saving for retirement.

30% of your income for wants, such as vacation, dining out and entertainment.

Budgeting can bring you greater clarity, control and confidence that you are making the right decisions about your financial life.

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