

How to make a budget step by step

Make a list of your values

1

- Write down what matters to you and arrange them in order of importance.
- Figure out your **needs** (the things that you must have in order to survive) and **wants** (the things that you would like to have, but do not necessarily need).

Helpful tool: [My values and money worksheet](#)

Set your goals

2

- Write down the financial goals that you want to meet in the short term, like setting up an emergency fund, or paying down credit card debt.
- Also write down any long-term goals, like saving for your child's education, or building a retirement fund.

Helpful tool: [Set a SMART financial goal worksheet](#)

Figure out your income

3

- Gather all of your paystubs, stubs from government cheques or direct deposit notices, and any other records of income.
- List the amount of net income (the amount of take-home pay after any taxes and deductions) from each source for the month.
- Add up the total – this is your Total monthly income.

Helpful tool: [Income tracking sheet](#)

Figure out your expenses

4

- Save all of your store receipts, bills, bank and credit card statements, loan statements, and any other records of expenses.
- List out your spending categories and list each expense in its category. Track all of your spending for one month.
- List out your spending categories and list each expense in its category. Track all of your spending for one month.
- Add up the total – this is your Total monthly expenses.

Helpful tool: [Expenses tracking sheet](#)

The five Ws and H of budgeting

Create your budget

5

- Take your Total Monthly Income and subtract your Total Monthly Expenses. You need to make sure that your income is more than your expenses.
- Based on your tracking for the month, make a spending plan for future months – it should cover your needs first, then the wants that you can afford.
- See where there might be opportunities to cut back on spending, or to make more money.
- Do not forget to pay yourself – put aside some money to help you reach your financial goals and to protect yourself should emergencies happen.

Helpful tool: [Simple budget template](#)

Check your budget often

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- Be sure to monitor your budget and review your budget regularly.
- If your financial situation changes, or if your budget no longer meets your needs, you will want to make some adjustments or create a new plan.