**Budgeting Basics: Controlling Your Finances – Everyone Starts Somewhere!**

**When a person has decided to gain more control over their finances, budgeting is a good place to start. Budgeting takes time and effort, but rewards for the work include increased knowledge of financial possibilities, gaining a helpful tool for achieving financial goals, and assisting your family and community to prosper.** Our ancestors learned over time how to “budget” their resources and preserve their way of life – to survive and thrive. They budgeted by season – tracking the gifts that each season brought and learning how to wisely use and preserve those gifts. They saved resources in both personal and communal ways to use, as needed, in new seasons. They saved so that they could withstand natural disasters such as draughts, floods, and sickness. Today, in the spirit of our ancestors, we find new ways to honor, save, and preserve resources, which include using budgets to help us track our financial resources. We still need resources for achieving life goals for ourselves, our families, and our communities. Budgets may be best thought of as a “resource tracking and usage plan.” As was true for our ancestors and is still true for us today: we strive to survive and thrive as individuals and as a people!

**A key reason to create and stick to a budget is to gain a better chance at reaching important life goals.** Short- and long-term goals require planning and “saving up;” including financial goals such as: 1) tracking and paying bills regularly, 2) paying on debts accrued regularly, 3) paying regularly on any collections or judgements, so that a useful credit score has a better chance of being sustained, 3) keeping debt at an affordable level to gain funds for saving, to better meet emergencies with confidence, 4) buying a more reliable car, 6) contributing to children’s college expenses, 7) buying gifts and taking vacations that we can afford, and 8) purchasing a home or starting a business.

Identify achievable goals. The following table may be used to **identify and prioritize three short-term and three long-term financial goals.** Goals and the way they are prioritized may change over time, but may be adjusted in a financial plan as needed. It also helps to identify a start and projected target date for each goal realization (example: “1/22 by 1/24”).

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| --- | --- | --- | --- |
| **3 Short term goals:** |  |  |  |
| **Start/Accomplish by:** |  |  |  |
| **3 Long term goals:** |  |  |  |
| **Start/Accomplish by:** |  |  |  |

**Tracking Income and Expenses in a Budget >** the first step is to list all **net** **income** and the sources it comes from. The second step is to list all **expenses**, including irregular or annual expenses (if once yearly divide by twelve). You may use any budget template available online from reliable sources, such as CFPB: [cfpb\_well-being\_monthly-budget.pdf](file:///D:\Financial%20Coaching\cfpb_well-being_monthly-budget.pdf), HUD: [Monthly Budget Worksheet\_v2\_Aug06.xls (live.com)](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.hudexchange.info%2Fsites%2Fonecpd%2Fassets%2FFile%2Fhousingsearch%2FMonthly%2520Budget%2520Worksheet_v2_Aug06.xls&wdOrigin=BROWSELINK), and other similar sources, or create your own.

**First: Track all Income:**

* **Income you DO INCLUDE in your budget**: All after-tax (net/usable) **household** income, including: 1) Regular employment including self-employment, 2) Temporary or seasonal jobs, 3) Regular assistance from family, 4) Unemployment and other forms of compensation, 5) *Regular* federal, state, and/or tribal government payments (including per caps/tribal assistance for you and any members of your household), 6) Any child and/or spousal support received *regularly*, 7) gambling winnings minus bets/expenses.
* **Income you** **DO NOT INCLUDE in your budget**: 1) Gross income, or any pre-tax deductions from your earnings, such as retirement contributions, 2) any retirement fund contributions made by you and/or your employer, 3) employer paid health or life insurance premiums, 4) deductions for uniforms or clothing 5) Flex account contributions you might make from your salary (these are tax-benefited savings accounts set up through employers, up to a maximum amount to be used over a one year period for IRS approved purposes, such as doctor co-pays; certain medicines; glasses; dental work and other medical expenses or health care costs not covered by your insurance).

**Documents you may need on hand to help determine your net income:**

* 1) Paychecks and deposit slips, 2) If self-employed, income and expense sheets kept for your business, 3) Records or cancelled checks/receipts showing any additional income you receive in checks, cash or direct deposit (child support, babysitting, renting a room to someone [minus expenses], garage sales, gambling winnings [minus expenses], etc.), 4) U.S or Tribal Government benefit letters/emails (SSI, unemployment payments, tax refunds, per capita payments, IIMs), 5) Bonus checks or related deposit slips, and 6) Inheritance payments or trust payment records. A good source of much of this information could be a recent bank statement.

**Next: Track All Expenses:**

* **Possible expenses to INCLUDE:** 1) ***All fixed or regular monthly expenses****; those that are the same every month and only change periodically to a new total*, such as rent or house payments, car payments, car insurance, other regular insurance payments, cell phones, internet and/or cable/TV services, other streaming services (such as Netflix), minimum amounts you regularly pay on credit cards, and anything you rent and pay for regularly over a period of time, 2) *All bills that vary from month to month or come due periodically such as:*  home maintenance expenses, car maintenance expenses, utilities that don’t bill monthly, burner cell phone costs, presents, eating out, vacations, food services, and yard services (you can average many of these out over a year by taking the annual expense for the previous year and dividing it by 12 months, 3) groceries, toiletries, daily lunches for you, your spouse, and children, entertainment, cash purchases, gambling expenses, etc., 4) Seasonal or occasional expenses, such as car registration, personal or property taxes, birthday and Christmas gifts and parties, ceremonial outfitting, other pow wow expenses, food expenses, contributions, vacations/holiday expenses, money given to relatives or elders, allowances for children or money you pay them for work they do for you, 5) savings of any kind. These can also be figured by taking the total for a previous year and dividing by twelve, and 6) potlach contributions, or donations to any entity.

**Documents you will need to help determine your expenses:**

* 1) Utility, insurance, and all other bills, 2) Bank statements (especially if you pay something on line without receiving a paper bill), payments and charges for utilities, TV, streaming, or other services you pay for on a debit card; groceries if you pay by check or on a debit card, 3) Credit card statements; especially if you pay something on line without receiving a paper bill or put charges for groceries, utilities, TV, streaming, or other services on a credit card and then pay monthly, 4) Records showing car registration, 5) School supplies purchased, etc., and estimated amounts of any other expected periodic expenses, 6) daily paper receipts (that can be kept in envelopes and folders and labeled by purpose: groceries, toiletries, donations, etc.).

**This is the beginning work that allows you to create and take charge of a personal financial system. YOU CAN DO IT! Your desire to gain control over your finances has started you on a good path. You will have a better chance of staying on that path over time if you set aside some regular time to work at it every day (even if you simply start saving receipts in envelopes, dated by month and headed by labels such as “food,” “clothes,” “birthday presents,” “haircuts,” and “pet expenses,” which you will then record each month). Make this one of the things you do for yourself and your family each day (like working, cooking, cleaning, homework, playing).** Completing the framework involves finding a good place to do the work and to keep your records, plus determining a regular schedule for those things to happen. The first several times you save receipts, access statements, talk to your family about their daily or weekly expenditures, and fill in your budget are the hardest, but if you stick with your process, it becomes easier, more significant, and more rewarding over time – both personally and financially. If you pay most things by a debit or pay card, you may highlight expenses on your monthly card statement in various colors according to type of charge (or if you have gone paperless with your finances, print any records or statements you receive and highlight the charges). **Remember that a budget is a key foundational document in any financial action plan – a tool that gives you a good chance of taking charge of your financial situation, making positive moves forward financially, and achieving life goals.**