

“goals” column to note what improvements you want to make, and by what time. This way you can chart your success—the best incentive to keep at it!

The savings and installment payment categories have room to show at what percentage rate you’re saving and borrowing. For savings, record annual yield to see at a glance which accounts are doing the most for you.

Installment payments, on the other hand, will hurt you more at higher rates. Say you have a national credit card at 19% annual percentage rate (APR), a credit union auto loan at 7% APR, a local department store account at 18% APR, and a student loan at 6%

Of course, all of us make at least one minimum monthly payment, but the one that pays off fastest is the bill that we don’t pay. See if your credit union offers a credit card with a lower interest rate.

Use your credit card statements to break down expenses by category—so much for clothing, for example. Just be careful not to put the figures in both clothing and installment payment categories or your total expense will be wrong.

Budget Blueprint

Design Your Own Spending Plan

SAMPLE

Budgeting doesn’t mean having less; it means doing more with what you have. Your budget will change as your needs and wants change.

Design your own plan. A new college graduate doesn’t usually need to own a home, but as income rises and a new family begins, most young people hope to own a home. Breadwinners with dependents need life insurance, but few retirees do. You’ll never be ready for the next phase unless you make the most of what you have—with a spending plan.

SAMPLE

Your first step, of course, is to find out how you spend money now. Sort out your obligations with this *Budget Blueprint*. Use your share draft register or checkbook and current bills.

This is only a tool for you to use in coming up with *your own spending plan*. The *Blueprint* is comprehensive. It most likely includes categories that aren’t part of your usual spending and saving plan. Use it to jog your memory about small and large expenses, and to plan for changes you anticipate. Include an entertainment category—fun and luxuries. If your plan doesn’t make room for fun, you’ll soon abandon it. And make all family members part of the plan; it won’t work without cooperation.

Analyze

Use the time columns to help you picture spending over time. For example, you pay rent or your mortgage once a month. If you have trouble making this monthly payment, try putting aside half each payday if you’re paid biweekly, one-quarter if you’re paid weekly.

Gain perspective on smaller outlays, too. Say you spend \$1 each day to buy two cans of soda at work. That’s \$5 a week, \$250 a year.

Use this principle in reverse for once-a-year costs, such as a property tax payment. That payment can be a strain, but if you plan for it and put aside one-twelfth monthly or one-fourth quarterly, you can meet the payment without anxiety. Put the set-aside in a share savings or money market account. You’ll benefit twice—by having the money on hand when the bill comes and by earning dividends on the shares.

So, you know where the money goes. Can you trim insurance premiums but get the same coverage by shopping different agents? If your grocery bill seems high, ask yourself how much food you waste. Try planning menus and then making shopping lists.

The point is, you should be able to find some fat in your budget. But what about lean? Are savings a little thin?

Don’t make the common mistake of saying you’ll save what’s left over—you know that means you won’t save at all. Look at your near-term plans first. If you’re hoping to buy a new car, are you putting enough money aside weekly or monthly to meet your down payment goal? If you’re planning a vacation next year, will putting so much on your credit cards. Decide how much you’ll need, then meet your goal by arranging for payroll deduction at your credit union. Your long-range target should be to save three to six months’ net earnings.

Try to anticipate changes. If you’ll be driving more, for instance, you’ll spend more on gas and car upkeep. Maybe some costs will go down, if you pay off a loan, for example. Divert at least part of any paid-off loan payment or pay raise to your share savings or money market account.

Realize

As you use the *Blueprint* and your expenses come into focus, you’ll want to make changes. Use the ▶



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SAMPLE

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EXPENSE	Weekly	Per Paycheck	Monthly	Quarterly	Yearly	Goals
EXPENSE						
Shelter						
Rent or Mortgage						
Utilities						
Heat						
Property Taxes						
Water						
Garden Supplies						
Telephone/Cell phone						
Property Insurance						
Maintenance/Cleaning						
Garbage Collection						
Condo/Association Fees						
Transportation						
Car Payment						
Car Payment						
Gasoline						
Maintenance/Cleaning						
License						
Insurance						
Bus/Taxi/Tolls/Parking						
Food						
Groceries						
Delivered Goods						
Snacks						
Work Lunches						
School Lunches						
Clothing						
Personal						
Spouse						
Children						
Maintenance/Cleaning						
Entertainment						
Vacations						
Meals Out						
Movies/Plays/Music						
Spectator Sports						
Sports Equipment						
Television/Cable/Public TV						
Savings						
Credit Union (%)						
Education (%)						
Company Savings Plan (%)						
IRA (%)						
Other (%)						
Health						
Medications						
Insurance						
Doctor						
Dentist						
Exercise Classes/Equipment						
Education						
Lessons						
Tuition						
Books/Papers/Magazines						
Internet Service Provider						
Supplies						
Family						
Life Insurance						
Legal						
Child Care: Daily						
Occasional						
Allowances						
Gifts						
Pets: Food and Medical						
Donations						
Place of worship						
Political						
Charitable						
Other						
Personal						
Hair Cuts and Styling						
Toiletries						
Postage						
Tobacco						
Alcohol						
Other						
Installment Payments						
Credit Union (%)						
Credit Card (%)						
Credit Card (%)						
Department Store (%)						
Student Loan (%)						
Other (%)						
Miscellaneous						
Union/Other Membership Dues						
Taxes: Social Security						
Income, Federal						
State						
Local						
Unreimbursed Business Expenses						
Other						
TOTAL EXPENSE						
INCOME						
Paycheck						
Paycheck						
Dividends						
Interest						
Social Security						
Pension						
Gifts						
Other						
TOTAL INCOME						
Total income - Total expense =						

