



Build a Better Budget

While [budgeting](#)² is not a favorite pastime for most people, knowing where you stand financially can play a critical role in your wellbeing. Unhealthy spending habits can create a lot of stress, and it can also strain relationships. Maintaining a budget can bring ease and peace of mind.

Whether you are just getting started with the budgeting process or are looking for ways to optimize the one you have, here are a few tips to build a better budget:

Calculate your income. What is coming in? Make a list of all your sources of income—paychecks, stock dividends, retirement or disability benefits, etc.

Calculate your expenses. Where does your money go? Make a list of your expenses, from basic living expenses, like rent/mortgage, utilities, food and transportation, to personal expenses, like those late-night impulse-buys on Amazon.

Subtract your expenses from your income. To assess your spending behaviors, simply subtract your expenses from your income. If you are left with a positive number, you can apply the surplus to paying down debt or shoring up your retirement savings. If you are left with a negative number, it might be time to rethink your spending habits.

Give yourself a reality check. This one might hurt a little, but it is necessary if financial peace is your end goal: calculate all the debt you currently owe and make a plan to reduce (and eventually eliminate) it.

Review your budget. If you are new to budgeting, review your budget at least monthly to monitor your progress. Over time, you may find it is not necessary to check in as frequently.

Adjust as needed. As your life circumstances change, you will probably need to adjust your budget to reflect those changes. As you pay off debt, increase your income, and square up your retirement savings, you will be able to reallocate your resources to other areas.

Seek professional guidance. If you are struggling with the budgeting process, seek guidance from a Certified Public Accountant (CPA), attorney, or [financial planner](#)³.



2. <https://www.thebalance.com/how-to-set-up-a-budget-2385690>

3. <https://www.aarp.org/money/investing/info-03-2012/two-sides-of-financial-planner.html>