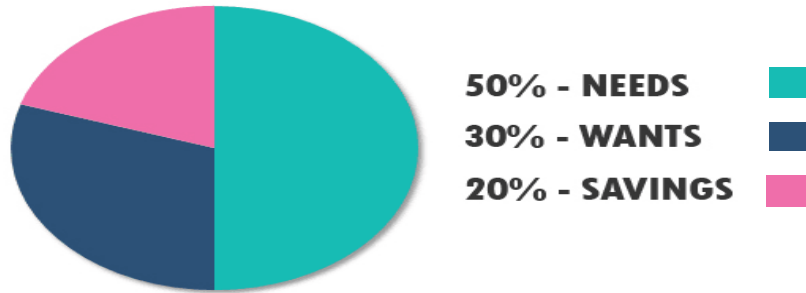


50/30/20 BUDGETING RULE



How to create a simple budget you can stick to?

A budget is a financial plan you can use to better organize and manage your financial health by calculating your household income and expenses. This method removes the fear we all associate with budgets. If you are looking for a method that works and is simple, the **50/30/20 method** works for nearly every income level.

What is the 50-30-20 rule?

Many financial experts agree that one simple way to budget is to divide your income into three main categories: your needs, your wants, and your savings. The **50/30/20 method** helps to achieve this.

The three parts are:

- 50% goes towards your needs (housing costs, utility bills, groceries, loans, and any other mandatory expenses).
- 30% goes towards your personal wants (dining out, entertainment, traveling, streaming services, and other subscriptions).
- 20% goes to (savings, retirement fund, or other investments).

How this Works -- Monthly budget example (See the back for a worksheet template)

Your household income is \$5,000 a month. That's \$2,500 every two weeks. Now split that three ways according to the **50/30/20 method**.

50% of \$5,000 is \$2,500. (**NEEDS**)

30% is \$1,500. (**WANTS**)

20% is \$1,000. (**SAVINGS**)

If 50% does not cover your living expenses, which is, unfortunately, the case for many people, then you can take some from your "wants" money, or even your savings, if necessary.

The main point of this rule is that it should be flexible depending on your needs and encourage you to save at least a little something every month. It also helps you to visualize how your money is being spent and sets a limit for the amount of money that goes to the extra expenses that may or may not be necessary.

50/30/20 Budgeting Worksheet

Step One: Look at your spending for one month and record below.

Monthly Income (Take home pay after all taxes and expenses are paid to the government):
\$ _____

NEEDS

Housing (Rent or Mortgage): \$ _____
Utilities (water, electric, internet): \$ _____
Groceries (Food): \$ _____
Healthcare (Out of pocket): _____
Transportation (loan, gas, insurance): \$ _____
Childcare/Caregiver: \$ _____

Total for NEEDS: \$ _____

WANTS

Restaurants: \$ _____
Cell Phone: \$ _____
Cable: \$ _____
Hobbies: \$ _____
Travel/Vacation: \$ _____
Personal Care: \$ _____
Shopping: \$ _____
Other: \$ _____

SAVINGS

Debt Repayment (Student Loans, credit cards):
\$ _____
Savings: \$ _____
Investments (Stock, Bonds, CDs): \$ _____
Retirement: \$ _____
Real Estate: \$ _____
Other: \$ _____

How to calculate percentages?

Total Income:
\$ _____

50% = Total Income x .5

30% = Total Income x .3

20% = Total Income x .2

Check Your Math:

Add together the amount for 50%, 30% and 20%. This amount should be the same as the Total Income.



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