

HOW TO MAKE A BUDGET

Why should I make a budget?

Before we get into the how, let's look at the why. A budget can help you figure out how much money you make, spend, and save each month. With a budget, you can find a balance between your income and expenses. This balance can help you to work towards your short-term and long-term financial goals.

Creating a budget doesn't have to be hard, but it can feel overwhelming to get started. The MNO Financial Literacy Program is here to support you, and walk you through the process if you think it'll be helpful.

How do I make a budget?

To get started with your budget, you'll need a way of tracking your income and expenses. You can either print a copy of the [MNO Budget Planner](#), use the [Financial Consumer Agency of Canada's online Budget Planner Tool](#), or create a system that you think will work best for you.

STEP 1: List and add up all sources of income

Consider income from employment, government benefits, gifts, bonuses, income tax returns, and so on.

STEP 2: Track and list where you spend your money

Enter in your fixed expenses first, which are the expenses that don't change from month to month. For those variable expenses that may change from month to month, like groceries or clothes, track what you spend over a few weeks by looking back through bank and credit card statements. From that, you can reasonably estimate what you expect to normally spend each month over the year.

Note: be as honest and realistic as possible with yourself about your expenses to help make your budget successful.

STEP 3: Evaluate your needs and wants

Needs are things you cannot live without. Wants are things you could live without, but your life is much more comfortable or convenient with them. Within your wants, there are things that are higher priority and things that are lower priority. Highlight or circle the things in your expenses that are needs and higher priority wants.

STEP 4: Consider your financial goals

Write down what you're working towards - are you trying to pay down debt, save for a big purchase, build wealth for your future? Determine what dollar amount you want to put towards that goal each month and how long you're willing to give yourself to achieve each goal, then allocate that amount in your budget towards your goals each month.

STEP 5: Adjust your expenses, if necessary

If you don't have enough money left over each month to put towards your goals, consider adjusting how much money you spend on your lower priority 'wants'.

STEP 6: Revisit your budget regularly

This is the most important part. Your circumstances are likely to change and there are often unexpected expenses that you have no option but to pay for. Revisiting your budget every few months can help you to fully understand your financial picture so you're always in control.

The MNO's Financial Literacy Program can help you make your budget.

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