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Six steps to balancing your budget

The best kind of budget is all about finding a balance — one that allows you to pay for your necessities, save some money, pay down debt and then have some left over for fun. The **50/30/20** budget lets you do exactly that. Not only does it help you live within your means, but it also helps you identify what those means really are.

How does the 50/30/20 budget work?

Step 1 Calculate your after-tax income. That's the amount you collect after taxes are taken out of your paycheck, such as federal and state. If you don't have a steady paycheck, take the last three months and average them to get your after-tax income.

Step 2 Next, determine what's a "need" and what's a "want."

Step 3 Limit your "needs" to **50%**. These are expenses you can't avoid like housing, utilities, groceries, health care, child care, transportation and insurance. Any minimum debt payments are also considered a "need." Enter this information within the debt manager.

Step 4 Limit your "wants" to **30%**. Any payment you can eliminate with only minor inconvenience, like your cable bill, is a "want."

Step 5 Allocate **20%** to your savings. This is probably the single most important part of your budget and includes money for your emergency fund, retirement, college savings or extra payments toward debt.

Step 6 Check for balance and update calculations:

After listing all of your income, "needs," "wants" and savings, make sure to select "update totals," take a look at the bottom right-hand corner to see what's left over. If this amount is negative, determine if there are any "wants" or "needs" that you could potentially cut back.

If you're positive, great job. You can use this extra cash to pay down debt faster or increase your savings.

BUDGET CALCULATOR

What's your monthly income?

Enter your household's monthly take-home income (i.e., after taxes and deductions).

Take-Home Income	
Income	**$ 100.00**
Description	**Amount**
Take-home paycheck #1	$ 100.00
Take-home paycheck #2	$ 0.00
Additional income	$ 0.00

Include your workplace savings contribution below (401(k), HSA, etc.); it will be added back into your total income.

Income + Paycheck Contribution	
Total income	**$ 100.00**
Description	**Amount**
401(k) Contributions Partner 1	$ 0.00
Health Savings Account 1	$ 0.00
401(k) Contributions Partner 2	$ 0.00
Health Savings Account 2	$ 0.00
Additional savings	$ 0.00
Additional savings	$ 0.00

Budget calculator continues on next page

Update totals

Where does the money go?

Input your household monthly spending.
Note: Only include health insurance costs if they do not come out of your paycheck directly.

Needs		
Recommended:	50%	$ 50.00
Actual:	**0.0 %**	**$ 0.00**
Difference:	50.0 %	$ 50.00

Description	Amount
Rent/mortgage	$ 0.00
Household utilities	$ 0.00
Cell phone	$ 0.00
Car insurance	$ 0.00
Life insurance	$ 0.00
Child care	$ 0.00
Groceries	$ 0.00
Fuel	$ 0.00
Giving	$ 0.00
Debt Manager total:	$ 0.00

Wants		
Recommended:	30%	$ 30.00
Actual:	**0.0 %**	**$ 0.00**
Difference:	30.0 %	$ 30.00

Description	Amount
Dining out	$ 0.00
Gym membership	$ 0.00
Internet	$ 0.00
Cable TV	$ 0.00
Entertainment	$ 0.00
Streaming Services	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00

Savings & Retirement		
Recommended:	20%	$ 20.00
Actual:	**0.0 %**	**$ 0.00**
Difference:	20.0 %	$ 20.00

Description	Amount
401(k) Contributions Partner 1	$ 0.00
Health Savings Account 1	$ 0.00
401(k) Contributions Partner 2	$ 0.00
Health Savings Account 2	$ 0.00
Additional savings	$ 0.00
Additional savings	$ 0.00

Additional Savings	
IRA	$ 0.00
Emergency savings	$ 0.00
Savings for major purchase	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00
	$ 0.00

What's Left Over		
Remaining:	**100.0 %**	**$ 100.00**

Your remaining amount is often used for those regular unexpected monthly expenses like birthday presents, minor house items or to help pay down your debt faster. If your balance is negative, then you are spending more than you earn. Take a look at your wants to see if there are some areas where you can cut back.

Debt Manager (include all credit cards, car loans, student loans, etc.):

Creditor	Balance	Rate	Payment
Creditor 1	$ 0.00	0.00 %	$ 0.00
Creditor 2	$ 0.00	0.00 %	$ 0.00
Creditor 3	$ 0.00	0.00 %	$ 0.00
Car payment	$ 0.00	0.00 %	$ 0.00
Student loans	$ 0.00	0.00 %	$ 0.00
		0.00 %	$ 0.00
		0.00 %	$ 0.00
		0.00 %	$ 0.00
		0.00 %	$ 0.00
		0.00 %	$ 0.00
Total	$ 0.00		$ 0.00

Tips:

Once a balance is paid off, add this payment to the next balance's minimum payment. This will help accelerate your debt reduction.

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