

The 10-20-70 Budget

A Simple Yet Effective Way To
Plan Your Expenses

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Setting Up A 10-20-70 Budget

10% SAVINGS	20% SPENDING	70% LIVING EXPENSES
<p>The first and most important rule is to reward yourself by putting 10% into savings.</p> <p>Once you have established an emergency fund you can transfer this amount to a different investment vehicle.</p> <p>An emergency fund should equal three months income. When it becomes necessary to withdraw money from this fund, build it back up immediately from the 10% savings.</p>	<p>This is considered fun money. Too often a budget is viewed as a financial straight jacket.</p> <p>With 20% of your take home pay reserved for spending you have something to look forward to each payday.</p> <p>This is your spending money, and spend every penny of it. Have fun!</p> <p>Some typical categories include: spur of the moment ideas, recreation, midnight pizza raids, etc.</p>	<p>This is the nitty-gritty of the budget. It covers all expenses required to survive on a day-to-day basis.</p> <p>This category is split into fixed and variable expenses.</p> <p>Fixed expenses include: Mortgage Insurance Car Loans, etc.</p> <p>Variable expenses are controllable and include: Phone Cable Television Groceries Magazine Subscriptions Credit Cards, etc.</p>

Start Now! There's no better time than right now to get started. Make a decision to take charge of your money and your financial future. Establish an emergency fund. Get the entire family involved.

Track Expenses! Knowing where your money is going is vital to any budget. Record where the family income is going according to expense categories. Three months of figures will give you a good assessment.

Review! Review your budget every three months. Has my income changed? Do I really need this? Am I saving enough? Ask yourself these types of questions.

Adjust Priorities! Determine which expenses are excessive and adjust your priorities to bring them under control. Set a spending limit (budget) for expenses based upon need rather than want. Example: You need a second car but you want a Mercedes.

If you are having difficulties with the 10-20-70 budget, adjust the numbers. Perhaps your situation requires a 10-15-75 budget or a 5-15-80 budget.