



3. **Add up your expenses.** Once you list your monthly expenses, add up the total (once again, if working in a spreadsheet, you can easily put in a formula to calculate your totals). If you're on the right track, your total monthly expenses should be less than your total monthly income. If that's not the case, you need to lower your expenses or find a way to bring in more income.
4. **Emergency Funds.** After your monthly expenses are calculated, remaining money can be put into an emergency fund. Because we can't plan every expense, it is important that you have an emergency fund for unexpected scenarios (like an emergency car repair). This should be a fund that is separate from your savings account, so that it can be tapped if needed.
5. **More about paying yourself first.** Most people have to add up monthly expenses before figuring out what remains to put into savings, but that's really not the best way to figure out your savings. If your employer offers a 401-K plan, you may want to contribute the maximum amount to that fund. That way, the money will be deducted from your paycheck and you won't even miss it. But 401-K plans are all about saving for your future after retirement, so you should still have a separate savings account as well.
6. **What to do about quarterly or yearly expenses.** You may have some bills that don't come on a monthly basis. If that's the case, you should set aside the money for these expenses every month anyway, so you're not hit with a big amount once the bill is due. There is nothing wrong with having multiple savings or checking accounts if you find it difficult to "separate" this money from your monthly bill money.
7. **Other budget tips:**
  - \* Watch those daily expenses. Coffee, newspapers and trips to the vending machine add up and can really put your budget out of whack. Give yourself a weekly spending allowance and stick to it -- otherwise you may come up short at the end of the month.
  - \* Consider writing down all of your expenditures for a couple of weeks -- you will be amazed at how much money you spend in a day. Make a conscious effort to cut back on unnecessary items and pay more towards your debts.

