



## JUST THE FACTS: HELPING YOU TALK ABOUT MONEY

# Personal Budgets

A budget is a plan that starts with where you are and sets out a path toward a financial goal.

### 1 To calculate your budget, start by determining your expenses.

- Different types of expenses include:
  - *Fixed* – must be paid regularly (e.g. rent, mortgages, car payments).
  - *Variable* – adjusted each month (e.g. food, utilities).
  - *Discretionary* – depends on your decisions (e.g. entertainment, dining, gifts, clothing).
  - *Periodic* – come up occasionally (e.g. property taxes, car registration).
  - *Contingency* – unexpected (e.g. car repairs).
  - *Savings* – money dedicated for future use, not just what is left over after other expenses.
- Once you know what you are spending, you can determine where reductions are possible – money that can be earmarked for your goal.

### 2 Writing down your expenses will make them easier to follow and improve your accountability.

- Keeping receipts – even from small purchases such as coffee – will help you track your spending.
- Creating a spreadsheet (inputting credit card bills, bank account statements and other spending) will show you exactly where your money is going.
- Taking the total and averaging it out over 12 months will give you your typical monthly spending – and enable you to better control it.
- The [www.canada.ca](http://www.canada.ca) website has spreadsheet templates for personal budgeting.

### 3 Experts suggest following the “SMART” formula:

- **Specific** – you need to know exactly what you are aiming for, such as a major purchase or travel.
- **Measurable** – what is the total cost?
- **Attainable** – it has to be achievable within your means.
- **Realistic** – there has to be a clear path to success.
- **Timeframe** – you should determine how long it will take.

Mobile phone apps are available to enable you to track your spending in real time, updating automatically.

**LEARN MORE AT** [cpacanada.ca/justthefacts](http://cpacanada.ca/justthefacts)

Looking to better understand money basics and how they apply to you?  
You may also be interested in taking our [Financial Wellness Guide questionnaire](#).