

CEO'S CORNER



Last month we talked about creating a budget. This month, I will share two easy rules you can follow to make a budget that that will work for you.

70/20/10 rule:

First, calculate your monthly take-home pay, then multiply it by 0.70 to get the amount you can spend on living expenses and discretionary purchases, such as entertainment and travel. Next, multiply your monthly income by 0.20 to get your savings allotment and 0.10 to repay your debt.

For example: Your take-home pay per month is \$3000.00

$\$3000 \times .70 = \2100 (needs)

$\$3000 \times .20 = \600 (savings)

$\$3000 \times .10 = \300 (repay debt)

50/30/20 rule:

50% Needs – Rent, car payment, utilities, groceries, credit card payments...

30% Wants – streaming services, shopping, vacations, recreation...

20% Savings – emergency fund, retirement...

For example: Your take-home pay per month is \$3000.00

$\$3000 \times .50 = \1500 (needs)

$\$3000 \times .30 = \900 (wants)

$\$3000 \times .20 = \600 (savings)

By tracking your expenses, you can easily identify areas where you are overspending and prioritize spending money on items that are essential.

Set realistic goals – make a list of your short- and long-term financial goals. Goals will change over time but identifying them can help motivate you to stick to your budget, minor adjustments can make a big difference. Remember, it is important to budget, make sure you pick a plan that will work for you!!