💡 Creating a Budget Outline 💡

Individuals using the Baby Steps

Purpose: To manage the household budget and begin your journey towards financial peace.

*If you haven't already, use some of this time to create a password sheet to all of the passwords for any account you hold (not just financial).

1. Set the Mood (5–10 minutes)

- Choose a relaxed, distraction-free setting (after kids are in bed, coffee shop, etc.).
- Pray expressing gratitude for what's going well financially.
- Review your goals for the session (e.g., finalize this month's zero-based budget).

2. Review Your Regular Bills (10–15 minutes)

- Create a list of all **regular** monthly expenses (e.g. utilities, mortgage/rent, food, gas, streaming services).
    - Regular monthly expenses are the expenses that you pay every month.
- If possible, have the last three months of each bill to help determine a cost for each expense.

3. Review Your Upcoming Irregular Bills (10-15 minutes)

- Create a list of all upcoming **irregular** monthly expenses (e.g. vehicle maintenance, insurance, holidays/gifts, fun money).
    - Irregular monthly expenses are the expenses that are not paid on a monthly basis.
- Think about upcoming goals or needs (date fund, home repairs, sinking funds).

4. Identify Your Debt (Skip if you are in Baby Steps 4-7)(10-15 minutes)

- Create a list of all non-mortgage **debts** (e.g. credit card, car loan, student loans)
    - It is important to identify each specific debt (e.g. If you have two car loans, list them separately).
    - When identifying debt, list the total due as well as the monthly minimum payment.
- If possible, have the last three months of each bill to help determine a monthly cost for each expense that does not have a set monthly payment.

5. Assign Monetary Value to Each Item (5-10 minutes)

- Use your chosen budgeting tool (EveryDollar, spreadsheet, paper).
- **Start** with income—confirm all sources and pay dates.

- **Assign** every item a value.
  - Record the allotted value needed for each of the items listed in steps 2 through 4.
    - For irregular items, estimate the needed amount. If you are planning ahead, determine how much per month needs to be set aside for the future event.
    - For debt, record the minimum monthly due.
  - Keep a running deduction from your total income to **identify** the excess monies for the month.

6. Review Needs of Baby Step and Focus (5 minutes)

- If you are at **Step 1:** Is the emergency fund intact?
  - If you do not have $1,000 currently in savings, budget the excess monies into your savings.
- If you are at **Step 2:** Which debt is the first in the snowball? What's the target payoff date?
  - Identify the debt source with the lowest value (e.g. Visa credit card has $200 and all other debts are $400 or more).
  - Budget the excess monies towards the lowest debt source in addition to the budgeted minimum payment.
- If you are at **Step 3:** What's the current total in the emergency fund? How can we accelerate it?
  - Budget the excess monies towards your savings.
- If you are at **Steps 4-7**: Think through your current percentages going towards retirement, children and paying off the mortgage.

7. Wrap-Up & Next Steps (10 minutes)

- **Visualize** progress (chart, tracker, shared app).
  - Determine how you will monitor spending.
- Check in emotionally: **"How am I feeling about money right now?"**
- **Encourage** and **affirm** yourself on your efforts.
- **Note** action items.
  - Identify which items need attention (e.g. the phone company needs to be called, the water bill needs to be paid) and when you will carry it out.
- **Schedule** the next month's budget review.
- End on a **positive note**—pray, celebrate your hard work, or enjoy dessert!