



Welcome to The Budget Mom! I am so happy to have you here in my little corner of the financial health world. The most common question I hear from all of my new readers is: "Where the heck do I start?!"

I know that my system can seem overwhelming at first, and it requires hard work and dedication, however, I truly believe that anyone who stays consistent can get results from my methods!

In this packet, you will find a step-by-step guide to how to apply these tools, with a free worksheet at the end of each step to help you jump-start your financial journey!

Remember, I am rooting for you every step of the way, as is the whole TBM community. Cheers to starting your financial journey!

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-Kumiko Love, The Budget Mom





Emotion drives motivation. It's essential to identify that emotional connection to the reason behind wanting to improve your financial life. Once you complete this step, you will have discovered something so important: that giving up is not an option. It will light a fire in you that is impossible to put out.



Is your WHY specific?



How does your WHY make you feel? Identify the emotional connection.



Is your WHY bigger than just you? How does it affect the people most important to you?

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fr	ee as possible.
	Does your WHY evoke emotion?
	Does your WHY effect other people that you love?
	Is your WHY visual?
	with concific and clear?
, , ,	Your WHY should be something so important to you, thinking or tailang about (rham- tou emotional. It NEEDS to light a fire under you and it should be something you don't want to live without. Your WHY should remind you every step of the way that giving up is to longer an option. Use the lines below to write down your why. Remember, it's okay if no longer an option, user short the way!
	MY WHY: My why is that I want to set myself and my taking up to live financially free, to me that means as little debt as possible, and being able to save money for the
	future

# FINDING YOUR WHY:



It's easy enough to say you want to make a change but keeping your sights on WHY you started is the most crucial part! When you are struggling to keep up with tracking your spending, or discouraged about your math being off, your WHY is something you can turn to for strength in your journey.

Why are you on this financial journey? Why do you want to get better with your money?

Next, continue to ask follow-up questions. Why is your answer what it is from the question above. For example, if you answered the question above with, "I want to pay off debt." You need to ask why do you want to pay off debt? Keep drilling down and asking the next question.

Does your WHY evoke emotion?

Does your WHY effect other people that you love?

Is your WHY visual?

Is your WHY specific and clear?

YES	NO

Your WHY should be something so important to you, thinking or talking about it makes you emotional. It NEEDS to light a fire under you and it should be something you don't want to live without. Your WHY should remind you every step of the way that giving up is no longer an option. Use the lines below to write down your why. Remember, it's okay if your WHY changes along the way!

MY WHY:	 	 
	 	 •••••

# STEP TWOI Track & Categorize Your Spending



Tracking your spending isn't just about writing down your transactions. This step is all about awareness. It's not enough to know where your dollars are going, but to understand what that spending is telling you.



Track where every dollar is going in your life.

Use highlighters to identify possible budgeting categories. For example, all food transactions can be highlighted blue. Try to use different highlighter colors for each category.

Identify problem areas (leaks) in your spending.





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FOR THE MONTH OF:



DATE	TRANSACTION	CATEGORY	WITHDRAWAL	DEPOSIT	BALANCE
		1			





Identifying your fixed expenses is essential, but it's also crucial to keep these costs manageable. Your financial obligations from month-to-month do not have to be a permanent part of your budget.

Make a list of the fixed expenses you are paying monthto-month.

From your list, identify what fixed expenses bring value to your life, and which ones don't. Make a decision to keep, decrease, or cut each expense.





#### FOR THE MONTH OF:

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EXPENSE DESCRIPTION	DUE DATE	AMOUNT	HOW IT'S PAID	FREQUENCY	BUDGET CATEGORY

# STEP FOUR: Cash Envelopes & Variable Spending



I like to call variable spending the "silent killer" of your budget. Variable costs fluctuate and change throughout the month and over time. It's important to assign spending limits for these expense categories.



List out your variable expenses. Use the budget categories created in step #2 to create 3-4 cash envelopes. Start by creating cash envelopes around the problem areas in your spending.

When you are spending your cash, ask, "If I spend the money now, what am I giving up in the future?"







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VARIABLE EXPENSES CATEGORY	MONTHLY AMOUNT	CASH/CASHLESS

	<ul> <li>□</li> <li>□</li></ul>	DESCRIPTION	DOMA	:	YЯОӘЭТА \$\$-\+	DESCBIDLION	DATE	





The budget calendar is an organizational process to help you figure out what bills you want to pay with each paycheck you receive. Organization plays a huge role, but this step is all about incorporating REAL LIFE into your budget.



Create your budget calendar at least a month in advance.



Write down all of your paydays & fixed expenses. If it helps, you can write down the amount for income and expenses next to each item. Use different highlighters for each payday and decide what expenses you will pay with each paycheck.

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Write down any holidays, occasions, or events happening throughout the month. If you plan on spending money in your life, it should be written down on your calendar.

Use your budget calendar as a reminder and reference guide when creating each paycheck budget.



# BUDGET CALENDAR

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FOR THE MONTH OF:





# STEP SIXE Prioritize Savings Goals



Writing your savings goals down is important, but it's even more important to identify their importance in your life. This will give you guidance on where to throw your money to make the most significant impact in your life.

Make a list of your savings goals. Number that list in order of importance & priority.



Which savings goals need a sinking fund and which ones can you cash flow?

- Cash Flow = Funding that expense with your current paycheck at that time.
- Sinking Fund = Saving a little bit each paycheck for a future goal or event.

	DESCRIPTION	YEARLY GOAL	MONTHLY	
GOAL #1	An emergency fund of 3,000 dollars	\$3,000	\$250	12/13/2024
GOAL #2	Pay off credit card	\$1,500	\$125	12/25/2024
GOAL #3	Save for vacation next year	\$1,300	4	11/15/2024
GOAL #4				17 1372024
GOAL #5				
GOAL #6				
GOAL #7				
30AL #8				

# YEARLY SAVINGS GOALS

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	DESCRIPTION	YEARLY GOAL	MONTHLY AMOUNT	DUE DATE
GOAL #1				
GOAL #2				
GOAL #3				
GOAL #4				
GOAL #5				
GOAL #6				
GOAL #7				
GOAL #8				

## STEP SEVENE Create A Plan Of Attack For Your Debt



This step is not about paying off debt but rather creating a plan to pay it off. It's important to not only look at your full debt picture but to learn the money management skills to stay out of debt.



Create a list of all of your debts. Include creditor, minimum payment, interest rate, minimum payment due date, and total debt balance.



Determine what method you are going to use to pay off your debt.

Snowball = Paying off debt with the smallest balances first. You will see signs of progress earlier on in your debt payoff journey.

Avalanche = Paying off debt with the highest interest first. By using this method, you will save the most money on interest payments over the life of your debt.

Based on the method you choose, list your debt in order of priority.

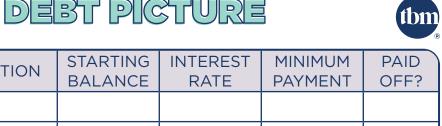


Work your plan of attack to pay off debt. Make minimum payments on all of your debt and throw any extra income to your number one priority debt.



## MY OVERALL DEBT PICTURE

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DEBT PRIORITY	DEBT DESCRIPTION	STARTING BALANCE	INTEREST RATE	MINIMUM PAYMENT	PAID OFF?

# STEP EIGHT: Create Your Budget Road Map



Creating a budget is very different than creating a realistic budget. A budget should be based on what you are actually spending, not what you WANT to spend. Your goal should not be simplicity. It should be efficiency and effectiveness.

Budget your income every time you receive a paycheck. Try to create your paycheck budget at least 4 days in advance.

List out your income. Your income should be an estimate of the worst case scenario, or the least amount you expect to receive.

List out your fixed expenses and the amount due for each one. Fixed expenses should include minimum debt payments.

Using the money left over after subtracting your fixed expenses from your income, write down your variable spending categories and the limit for each category.

Using the money left over after subtracting your fixed expenses and variable expenses from your income, decide what's most important to you, and throw it to debt, saving, or investing.

Use a zero-based budget and give every dollar a plan. At the end of your road map, income minus expenses equal zero.





FIXED EXPENSES						
DESCRIPTION	BUDGETED	SPENT				
TOTAL:						

INC	OME
<b>INCOME SOURCE 1</b>	
<b>INCOME SOURCE 2</b>	
BONUS INCOME	
TOTAL:	

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VARIABLE EXPENSES		
DESCRIPTION	BUDGETED	SPENT
TOTAL:		

DEBT		
DESCRIPTION	BUDGETED	SPENT
TOTAL:		

SAVINGS			
DESCRIPTION	BUDGETED	SPENT	
TOTAL:			

TOTAL INFLOW:	
MINUS	
TOTAL EXPENSES:	
EQUALS: (	

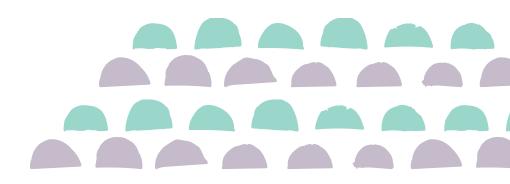




Tweaking and perfecting your budget isn't just about making changes in the future but also making sure every budget reflects your real life. Each budget you create should be different because your life isn't always the same.

After each budget, determine what worked and what didn't. If something didn't work, it doesn't make you a failure, it means your process failed you.

Evaluate your spending and make changes in small, digestible, and achievable increments.







The Budget Mom also has a TON of free tools and resources for everyone to check out!

### FREE RESOURCE LIBRARY

100% FREE! Find everything from cash envelopes to mindset and motivation worksheets!

### TBM FAMILY FACEBOOK GROUP

Join over 130,000 members and ask your questions, get support, and cheer on others in their journey!

### YOUTUBE

Here you can find Real Life Budgeting scenarios, as well as other in-depth, walk-through videos.

### **INSTAGRAM**

This is the most active TBM platform. You can find things here ranging from behind the scenes to TBM's very own, personal-life budgeting videos.

### MY MONEY MY WAY

TBM has a National Best-Selling Book, My Money My Way. There are so many free resources and tools that are available to those who have the book.

### THE BUDGET MOM BLOG

I have a lot of answered FAQ's on the blog. Things ranging from recipes to holiday traditions. Don't worry, there are also A TON of budgeting articles!

### **BUDGET BLUEPRINT COURSE**

A 100% FREE self-paced course introducing you to the Budget by Paycheck Method.

