

How to Create a Budget and Savings Plan

It starts with a morning coffee or a quick lunch out. Maybe you want the newest tech gadget or video game. Before you know it, you have the item, but you also have more financial stress.

This is common scenario for many Americans. In fact, 71% of Americans report feeling stressed about money, according to a recent survey done by American Psychological Association. However, these simple budget strategies may help relieve stress and improve your finances.

Step 1: Know your Expenses

Before you can create a budget plan, evaluate your personal money habits. For a few weeks, use text banking, online banking or your debit card records to track your spending. Once you know what you are spending money on, determine if those things are wants or needs.

A simple way to track these personal expenses is to take a piece of paper and write “wants” on one side and “needs” on the other. Wants are things you enjoy, but don’t necessarily need. Needs are essential items you need to live such as your rent or mortgage payment, food, water and clothing. Calculate how much you are spending in each column, then look for places to cut costs.

Step 2: Create a Budget Plan

After you know all your expenses, evaluate your monthly bills and see where you can cut costs. One simple budget idea is to reduce the amount you eat out or order take-out. Instead, create a grocery list, plan your meals and cook at home. You may be surprised at how much money you save. To pinch a few more pennies, look for coupons on items you regularly purchase and buy off-brand items.

Another good way to save money is to change your phone plan or provider. If you signed up for 10GB of data per month and your phone company shows you only use half of that, change your plan and reduce your bill. You can also research deals other carriers offer a few times a year. Even if you only save \$20 or \$30 each month, those savings add up.

Another way to reduce financial stress is to budget the amount of money you spend on streaming or cable services. If you can reduce one or more streaming service every month, you can save a hundred dollars or more every year. You can also call your cable company and talk about ways to reduce your monthly bill.

Step 3: Make Saving Money a Habit

Once you know how much money you are spending and have created a budget, start saving. One way to save is to call your bank and set up automatic savings. In this case, the bank can schedule a recurring time to move your money to a savings account before you have a chance to spend it. Even if you only contribute \$50 or \$100 each month, these savings allow you to prepare for unexpected costs such as medical bills, car or home repairs.

Once you have started saving and have an emergency fund in place, you should consider long-term savings goals such as education funds for your kids or retirement accounts for yourself. It is best to meet with a wealth advisor to discuss these long-term investment options and how to plan for the future.

Just remember, it all starts with one small thing. Whether you brew your own coffee at home, bring your lunch a few days a week or cut one streaming service, every little bit helps.

Opinions expressed above are the personal opinions of the author and meant for generic illustration purposes only. RCB Bank, member FDIC.

Sources: [2020 APA Stress in America Report](#)