**How to Set Up a Budget**

No one wants to “budget.” Everyone wants to spend freely. But budgeting is a financial reality for *everyone*—whether you’re a recent graduate or not. Building a budget is a crucial step towards financial success after graduating, but you might not know how to even start.

Here are some steps you should follow when you’re budgeting after college.

Building a Budget in 4 Steps:

1. **Track your expenses.**

Whether you write your expenses down on paper or you use an expense management app, write down the expenses that take money out of your bank account—rent, utilities, groceries, travel, leisure, personal care, etc. This is the start of your budget. Make sure you’re noting what’s fixed and what’s variable month to month over a three month period.

1. **Scrutinize your variable expenses.**

This is where you’ll need to reign in your spending if you want to save money. Decide what’s worth spending your money on out of the variable expenses. Is it dining out? Taking trips? Shopping sprees? Take a look into what you can and cannot live without. If you’ve never budgeted before, this is the hard part.

1. **Deduct monthly savings.**

If you want to be smart about saving money for the future, start taking away a portion of your paycheck every time you get paid. It doesn’t have to be a lot of money, but taking away even $50 from a paycheck each month will lay in a solid foundation for the future. But if you do this, you’ll need to factor it into your monthly budget.

1. **Set the budget.**

Once you’ve figured out your monthly income, deducted your fixed expenses, managed and deduced your variable expenses, and taken out some savings, your monthly available spend is there. Many people follow the [“50-30-20”](http://time.com/money/3892561/new-college-graduates-money-student-loan-410k-emergency-fund/) rule. This sets 50% towards fixed expenses (rent, utilities, and food), 30% to variable expenses (your leisure expenses), and 20% towards savings and debt repayment.