

Bonus #1

Creating a budget involves many variables that can make it almost impossible to achieve if it is not accurate. This doesn't mean I should give up on my budget just yet. Fortunately, the budgeting process is an ongoing process where re-evaluations of planned budgets can create a more accurate estimation and goals to achieve.

The budgeting process includes four steps. The first step in the budgeting process is to forecast your future income and expenditures in an annual or monthly timeframe. You want to estimate changes in future income along with estimating fixed and variable expenses. The next step is to implement your budget. You want to calculate your net cash flow, which is your total cash inflow minus your total cash outflow. It would help if you adjusted your income and spending so that your expenses do not exceed your income and to meet your budget. The next step in the budgeting process is to monitor your budget. You should track actual spending and compare to the budgeted spending to avoid a budget variance. The final step is to reevaluate and revise your budget. This step includes reviewing financial goals and progress made along with increasing an emergency fund for unexpected events.

Some areas I'm having problems with my budget is creating a budget that is not flexible enough. I have created a budget towards the expenses I had in the past month. However, I am not leaving room for unforeseen expenses. Another area I am having problems with is sticking to my budget when going out with friends. I need to have other friends that have a budget, too. This way, it will not seem as I am not the only one trying to stick to a budget.

I felt that I spend too much going out with friends, especially when we decide to go to the bar. A strategy I can implement to help curb this spending would be creating events with friends that do not include spending a significant amount in one night. Some of these events can consist of going to the beach during the day or playing video games. Another strategy I can implement into my budget is to overestimate my monthly expenses. If I overestimate my costs by at least 10 percent, it will help me stay within my planned budget. As I am tracking my budget, I notice I am spending more than I expected on lunch and eating outside. I should plan my meals, especially when I know I won't be home to cook. This can include taking homemade food containers to school and planning on specific days where I can treat myself to eat outside.

Planning a monthly budget and staying within my goals can be difficult, especially when my expenses are not correct. After tracking my budget, it is clear strategies need to be implemented to help stay on track. Luckily, I have seen where I need to change and what strategies can be used to achieve my financial goals. I will continue to track my budget and see if any further improvements should be made in the future.