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How to make a budget



If you're thinking about making a budget, congrats. No matter what stage of life you're in, understanding how much money you make, spend and save can help you feel like you have a better handle on your finances—and that's ultimately a good thing. However, sometimes you may need a little help getting started. When it comes to making (and sticking to) a budget, these tips can help.

5 steps to get you started on creating a budget

1. Do a monthly review of your income, expenses and investments.

To create a personal budget, it's a good idea to know the following: How much money you take home after paying taxes; how much your expenses cost; and how much money you contribute to savings and investments. When you keep a monthly tally of your income, expenses and investments, you can have a clearer snapshot of your financial picture. A tool like the [TD Personal Cash Flow Calculator](#) can help you crunch those numbers.

2. Understand your spending and saving habits.

There's likely going to be a percentage of your money you'll have to dedicate to necessary expenses (like a mortgage or student loans), another percentage for wants (like shopping or dining out) and a third portion solely for saving. Consider what percentage of your income you can put aside for savings each month and try to stick to it as best you can.

3. Set up expense guardrails.

If your goal is to save, it's a good idea to consider setting caps on how much you spend on non-essential items (like entertainment or dining out) so you don't accidentally spend more than you want to. You can also monitor any automated payment statements you may have so you're aware of any extra charges (like phone data overages) you may have incurred. You may want to use [TD MySpend](#) to help track any purchases made through your TD savings, chequing and/or credit card accounts.

4. Set your financial goals.

Do you have a financial goal in mind? The way you'd build a budget to [save for a vacation](#) might be different than if you're saving for a house. If you know what you're saving for, you can create a budget tailored towards that goal which can also help reduce the urge for impulse purchases. Having a financial finish line to aim for can also help you maintain your spending routine and encourage you to investigate more affordable spending options when necessary.

5. Track, monitor and adjust your budget as needed.

Think of budgeting as a marathon and not a sprint. To help you get the most out of your budget, you must play an active monitoring role and make adjustments as needed. For example, if you have a sudden unexpected expense, you'll likely have to readjust your budget or, if you have one, use your rainy day fund to handle those costs. Whether your financial goals are big or small, making a budget can help you track your progress towards reaching them.

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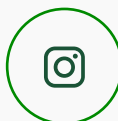
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