



# Create Your Monthly Budget Challenge



## CHALLENGE DESCRIPTION:

Creating a monthly budget is a foundational step toward achieving financial stability and reaching your financial goals. A well-structured budget helps you track your income and expenses, prioritize spending, and save for future needs. This challenge includes a budget template and will guide you through the process of setting up a practical and personalized budget, empowering you to take control of your finances.

## WHAT IS A BUDGET?

A **budget** is a financial plan that tracks your income and expenses, helping you manage your money more effectively. It allows you to allocate funds for necessities, discretionary spending, and savings, ensuring that you live within your means and work towards your financial objectives. This challenge supports various financial objectives, such as:

- **Expense Management:** Identifying and controlling your spending habits.
- **Savings Growth:** Allocating funds towards savings and investments.
- **Debt Reduction:** Managing debt payments effectively.
- **Financial Planning:** Preparing for future expenses and unexpected costs.

## THE CHALLENGE

Taking control of your finances starts with creating a detailed and realistic budget. This challenge will guide you through the essential steps to build a budget that works for you. By the end of this challenge, you'll have a clearer understanding of your income, expenses, and financial goals, empowering you to make informed decisions and plan for a secure financial future.

**Use the Budget Template:** As you go through the Create Your Monthly Budget Challenge, you'll use the provided budget template to organize your financial information and track your progress. This template is designed to help you clearly outline your income, expenses, and savings, providing a structured approach to managing your finances. Let's get started!

# CREATE YOUR MONTHLY BUDGET

## Monthly Budget Template

Category	Description	Planned Amount	Actual Amount	Difference
Income	Salary			
Income	Other Income (Side Job, etc.)			
Fixed Expenses	Rent/Mortgage			
Fixed Expenses	Utilities			
Variable Expenses	Groceries			
Variable Expenses	Transportation			
Discretionary Expenses	Dining Out			
Discretionary Expenses	Entertainment			
Savings & Investments	Emergency Fund			
Savings & Investments	Investments (TFSA, etc.)			
<b>Total</b>	-	\$	\$	\$

# CREATE YOUR MONTHLY BUDGET

## STEPS TO CREATE YOUR BUDGET

### 1. List Your Sources of Income

Identify all sources of income, including your salary, freelance work, rental income, and government benefits. Make sure to account for any irregular or seasonal income to get a complete picture of your monthly earnings.

- **Example:** *If you receive a salary of \$4,000 per month, \$500 from a side job, and \$200 in rental income, your total monthly income would be \$4,700. Make sure to account for any irregular or seasonal income, such as bonuses or freelance gigs, to get a complete picture of your monthly earnings.*

### 2. List and Identify Your Expenses

**Fixed Expenses:** These are consistent monthly expenses such as rent, mortgage payments, insurance premiums, and loan repayments. Fixed expenses are essential and often unavoidable, forming the baseline of your budget.

- **Example:** *If your rent is \$1,500 and your car loan payment is \$400, these are fixed expenses that recur every month.*

**Variable Expenses:** These fluctuate each month and include items like groceries, utilities, transportation, and entertainment. Carefully track these expenses to identify patterns and areas for potential savings.

- **Example:** *Depending on the season, your grocery bill might vary between \$300 and \$400, and your utility bills might range from \$100 to \$150.*

**Discretionary Expenses:** These are non-essential costs such as dining out, hobbies, and shopping. While these expenses enhance your lifestyle, they should be carefully monitored to avoid overspending.

- **Example:** *You might spend \$100 on dining out and \$50 on movie tickets each month. While these expenses enhance your lifestyle, they should be carefully monitored to avoid overspending.*

### 3. Set Financial Goals

Define your short-term and long-term financial goals. Short-term goals might include saving for a vacation or an emergency fund, while long-term goals could involve saving for a down payment on a house, retirement, or education. Setting specific, measurable, and time-bound goals will help you stay focused and motivated.

- **Example:** *Short-term goals might include saving \$1,000 for an emergency fund or setting aside \$2,000 for a vacation. Long-term goals could involve saving \$20,000 for a down payment on a house, contributing regularly to an RRSP for retirement, or funding your children's education with an RESP.*

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## 4. Categorize and Prioritize Your Spending

**Essentials:** Allocate funds for essential expenses first, such as housing, utilities, groceries, and transportation. These are critical to maintaining your day-to-day life.

- **Example:** *You might budget \$1,200 for rent, \$300 for groceries, and \$150 for transportation.*

**Savings and Investments:** Prioritize saving a portion of your income. Consider putting money into an emergency fund, RRSPs (Registered Retirement Savings Plans), TFSAs (Tax-Free Savings Accounts), or other investment vehicles.

- **Example:** *You might set aside \$500 each month for an emergency fund in a high-interest savings account or contribute \$200 monthly to a TFSA for long-term savings.*

**Discretionary Spending:** After covering essentials and savings, allocate a portion of your budget to discretionary spending. Be mindful of your spending in this category to prevent it from detracting from your financial goals.

- **Example:** *You might allow \$100 for dining out, \$50 for entertainment, and \$75 for personal hobbies.*

## 5. Track Your Spending and Review Regularly

Consistently track all your expenses to ensure they align with your budget. Use budgeting tools or apps to make this process easier. Regularly reviewing your budget helps you identify any discrepancies and adjust your spending habits as needed.

- **Example:** *If you notice that you've spent \$150 on dining out in a month instead of the budgeted \$100, consider reducing that spending the following month.*

## 6. Adjust Your Budget as Needed

Life is dynamic, and so is your budget. Be prepared to adjust your budget based on changes in your income, expenses, or financial goals. Flexibility is key to maintaining financial stability and continuing to progress toward your goals.

- **Example:** *If you receive a pay raise, allocate the additional income towards savings or paying off debt. Similarly, if unexpected expenses arise, such as car repairs, adjust your budget to accommodate these costs.*

## 7. Plan for Irregular and Seasonal Expenses

Account for irregular expenses such as annual insurance premiums, holiday gifts, or car maintenance. Set aside a portion of your monthly budget for these costs to avoid financial strain when they arise.

- **Example:** *If your car insurance is \$1,200 annually, set aside \$100 each month to cover this cost. This way, you'll have the necessary funds when the payment is due, avoiding financial strain.*

# CREATE YOUR MONTHLY BUDGET

## 8. Make Use of Financial Tools and Resources

Utilize budgeting tools and resources available through financial institutions, like your bank's online budgeting calculators and financial planning services. These tools can provide valuable insights and help you stay on track.

- **Example:** Use an online calculator to determine how much you need to save monthly to reach your goal of saving \$10,000 in two years.

## 9. Use the Budget Template to Track and Compare

At the end of the month, fill in and compare the "Planned Amount" and the "Actual Amount." Use the "Difference" column to note any variances and understand where adjustments may be needed.

The Difference column in the budget table is used to track the variance between the Planned Amount and the Actual Amount for each category. It helps you see where your spending or income differs from your budgeted expectations. Here's a breakdown of how it works:

- **Planned Amount:** This is the amount you budgeted for each income source, expense, or savings goal at the beginning of the month. It represents your financial plan or expectation for that period.
- **Actual Amount:** This is the actual amount of money you received, spent, or saved during the month. It reflects your real financial activity.
- **Difference:** This column shows the variance between the Planned and Actual amounts, calculated as:  $\text{Difference} = \text{Planned Amount} - \text{Actual Amount}$

### Example:

#### 1. Income

- *Planned Amount: \$4000 (Salary), \$500 (Side Job)*
- *Actual Amount: \$4000 (Salary), \$500 (Side Job)*
- *Difference: \$0 (No variance, as the actual income matched the planned income)*

#### 2. Expenses

- *Planned Amount: \$350 (Groceries)*
- *Actual Amount: \$400 (Groceries)*
- *Difference: -\$50 (Overspent by \$50)*

#### 3. Savings

- *Planned Amount: \$500 (Emergency Fund)*
- *Actual Amount: \$450 (Emergency Fund)*
- *Difference: +\$50 (Saved \$50 less than planned)*

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## Interpretation

- **A positive difference** indicates that the actual amount was less than the planned amount. For income, this means you received less than expected; for expenses, you spent less than expected; and for savings, you saved more than planned.
- **A negative difference** indicates that the actual amount was more than the planned amount. For income, this means you received more than expected; for expenses, you spent more than expected; and for savings, you saved less than planned.

## CHALLENGE COMPLETE!

By completing the Create Your Monthly Budget Challenge, you've taken a significant step toward financial empowerment. A well-structured budget not only helps you manage your day-to-day expenses but also sets you up for future financial success. Continue to review and adjust your budget regularly, and don't hesitate to seek professional financial advice if needed. Congratulations on taking control of your financial future!

**Disclaimer:** *The information provided is for informational and educational purposes only and does not constitute financial advice. The suggestions are general guidelines and may not be suitable for individual financial situations. Before making any financial decisions, it is advisable to consult with a financial advisor. Teladoc Health is not responsible for any financial decisions made as a result of this information.*



# Congratulations on completing the Create Your Monthly Budget Challenge

The journey of wellness is ongoing, and each step, no matter how small, is a victory to be celebrated. Keep pushing forward, embracing each day as an opportunity to live your best life.

