

Whether you're trying to buy a house, plan your next vacation or go back to school, your first step needs to be getting your finances in order. But talking money doesn't have to be intimidating!

Here are some tips on how to make a budget, set goals and start saving.

Want or need?

You can divide your spending up into two categories by asking yourself this question: *Is this a want or a need?*

Needs are things you, well, need in order to live safely and with dignity. (Think groceries, housing and health insurance.) An easy way to distinguish between a want and a need is to ask yourself these questions:

Can I live safely and with dignity without this purchase?

If I lost my source of income, would I keep spending money on this?

Can I live without this purchase for six months?



Track your budget

And that means track everything, no matter how small the expense. It all adds up! How you track your budget is up to you – you can use a spreadsheet, or one of the many finance-tracker apps available. Just make sure you're including all your monthly expenses, which means everything from loans and mortgages to groceries and clothing purchases.

Set goals

Defining your financial goals starts with identifying your priorities. What's important to you? How do you want to live your life? From there, you can come up with short-, mid- and long-term goals.

A short-term goal might be an emergency or vacation fund, while a mid-term goal would be a house or an education. Long-term goals will likely revolve around retirement savings.

What's a balanced budget?

A balanced budget can look different for everyone, but a good rule of thumb is the 50/30/20 guideline.

This means 50% of your budget should go towards your needs, 30% towards your wants and 20% towards savings and debt servicing.



Priorities

- Vacation
- House down payment
- College fund
- Retirement savings

Emergency funds

You should prepare for both short-term and long-term emergencies. For a short-term emergency, plan to have two weeks' pay or \$1,000 (whichever is greater) saved. For longer term emergencies, you'll need three to nine months' living expenses. This means rent, utilities, food, etc.



Know your options

Who's managing your money? You can use a credit union, a bank or a check cashing service.

Compare the fees for each to decide which option is right for you.

