

# Empowerment through Financial Education

A Program of the Southeastern Credit Union Foundation

## Budgeting for Families

Budgeting and planning family finances are key to controlling spending and planning for a healthy financial future. As a family, you'll have a different set of priorities and financial responsibilities than if when you were budgeting on your own. To create your monthly budget, follow the [Budgeting Basics](#) guide and use this [basic budget worksheet](#).

### Here are a few things to keep in mind as you create a family budget:

- Track your earnings and expenses: Keep track of your monthly income and expenses so you can better evaluate your financial goals.
- Manage your debt: Avoid taking on more debt than you can handle. Utilize this [tool](#) to calculate your debt payoff plan.
- Regularly talk to your family about finances: Even if you take the lead on day-to-day money management, it is important that your partner be aware of key financial information in case of injury, illness, or incapacity. While the conversations with children may feel uncomfortable, it is important for their financial literacy journey. When you are open about this information, it may give your family perspective on how much money is available for entertainment and extra purchases.
- Save for future events and emergencies: Having savings is key to helping you reach your long-term financial goals. Plan for large future financial expenses or goals, such as a college education for a child or buying a home. Also, by saving for emergencies, you can prepare for any unexpected financial expenses that may come your way without having to use credit cards to cover costs.

### Creating a Family Budget

**50-30-20 rule:** A common method of figuring out how to budget as a family is the 50-30-20 rule, which recommends that you spend 50% of income on needs, 30% on wants, and 20% on savings or debts.

#### 50% Needs include:

- 18% food
- 29% housing/utilities
- 15% transportation
- 9% healthcare
- 6% clothing
- 16% childcare and education

#### 30% Wants

- 23% for things like clothing, hobbies, eating out, or gym membership that you can anticipate
- 7% miscellaneous for those entertainment other expenses that you didn't anticipate.

#### 20% Savings & Debts

- You should always make at least the minimum payment on all debts, but if you have additional money to spend in this category, you could use it to aggressively pay down debt and add to your savings.

### Helpful Tools!

- [ADP's Paycheck Calculator](#) and the [IRS's Tax Withholding Estimator](#)
- Use this [50-20-30 Worksheet](#) .
- Build an Emergency Fund: Building a substantial emergency fund that covers between three- and six-months' worth of living expenses is key to a secure financial foundation. Check out the [Emergency Fund Calculator](#) to get started.
- Start saving towards college by see the estimated cost and value of a college by using the [College Scorecard](#) and use this [College Saving Calculator](#).
- Use this Consumer Finance's Trimming Expenses [Worksheet](#).
- Manage Debt Load: Take time to evaluate how to pay down your loans most effectively. Utilize this [tool](#) to calculate your debt payoff plan.

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