

BUDGET LIKE A BOSS

A step-by-step guide on how to prepare a personal budget

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Preparing a personal budget is a crucial skill for youth to master, as it sets the foundation for financial independence and security. So it's always recommended to make a budget and monitor it.

Here's a step-by-step guide on how to prepare a personal budget:



ASSESS YOUR FINANCIAL SITUATION:

Begin by gathering all financial statements, including bank statements, investment accounts, recent utility bills, and any sources of income and expenses. This will give you a clear picture of your financial situation.

LIST INCOME SOURCES FINANCIAL:

Identify all sources of income. For most people, this will primarily be their salary, but it can also include any side hustles, freelance work, dividends, or child support.

TRACKING YOUR SPENDING:

Categorize your spending into fixed and variable expenses. Fixed expenses are those that remain relatively constant each month, such as rent or mortgage, insurance premiums, and loan payments. Variable expenses include things like groceries, entertainment, and personal spending.

SET GOALS:

Before you start budgeting, decide what your financial goals are, both short-term (saving for a holiday, reducing debt) and long-term (buying a house, retirement savings). This will help you prioritize your spending and savings.

MAKE A PLAN:

Allocate your income towards your expenses, savings, and any debt repayments. Your goal should be to ensure that your income covers all your expenses, with some left over for savings and emergency funds.

ADJUST YOUR SPENDING:

If your expenses exceed your income, look for ways to cut back. This might mean eating out less, canceling unused subscriptions, or switching to more affordable service providers.

SAVE FOR THE FUTURE:

Aim to save a portion of your income for emergencies, retirement, and other financial goals. A common rule of thumb is the 50/30/20 rule, where 50% of your income goes towards necessities, 30% towards wants, and 20% towards savings and debt repayments.

MONITOR AND REVIEW:

Your budget is a living document. Regularly review and adjust it to reflect changes in your financial situation, spending habits, and financial goals.

EDUCATE YOURSELF:

Continuously seek out financial education. This can be through books, online courses, podcasts, or even following financial advisors on social media. The more you know, the better decisions you'll make.

BE PATIENT AND FLEXIBLE:

Developing good financial habits takes time, and it's okay to make mistakes. Learn from them, adjust your budget, and keep moving towards your financial goals.

By working on personal budgeting, youth can develop a strong foundation in personal finance that will benefit them throughout their lives. Remember, the key to successful budgeting is consistency and a willingness to adjust as your financial situation changes.