

Your Paycheck . . .

It's All Yours



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ON YOUR FIRST JOB, a budget is especially important. For the first time, many of your expenditures which were taken care of at college by one payment each quarter now begin to show up every day, week or month and have to be met out of your own paycheck. And now, too, the buying decisions are all yours.

A budget, a set of guidelines, helps you get as much personal satisfaction from your income as possible. Without a budget, one tends to make many spending decisions spontaneously as each situation arises. But with an overall plan made in advance, you have a chance to decide whether you want to spend a little more for clothes this year and a little less for vacation. Once the guidelines have been established, they also help to carry out other spending plans.

The first budget decision: How long a period should you budget for—a month, 6 months, a year? On the first job and with the first budget, 3 months is probably a good period with which to start. Of course, if you're an old hand at budgeting, you can make one for the whole year. But if this is the first time, start with a shorter period until you get some idea of how much you have to spend for certain routine items. Then at the end of the 3 months, you'll have some experience and can graduate to a 12-month budget, which will give you a chance to consider some larger and less frequent expenditures.

The second decision: What expenses should be planned for? Since there are many ways to classify expenditures, each person needs to experiment and find the groupings that best fit her own needs. Perhaps one useful approach is to distinguish between routine expenditures—those which recur regularly every week or every month—and nonroutine expenditures—those which occur infrequently and sometimes even unexpectedly.

Routine expenses

Routine expenditures would include *food, rent* (including utilities), *transportation* (this could be quite a little item if you're working in a large city) and

personal care (which is used here as a rather ambiguous group to include a wide variety of items, ranging from dry cleaning to toothpaste, although some people like to include dry cleaning in their clothing budget). All of these are expenses that are about the same every month. This doesn't mean that you are unable to control them, but it does mean that once you establish a certain pattern of living, the cost of these will not change very much from month to month.

Nonroutine expenses

Nonroutine expenses include such things as *clothing*; a rather omnibus personal development group—*recreation, education and vacation* (although some expenditures for entertainment, books, newspapers, may be regular, recurring monthly expenses to some people); *health*; and *contributions and gifts*. These expenses may occur every year, but most of them don't have to be met every single month. It is for these items that a yearly budget is helpful; for you can decide in advance, for example, about how much you want to allocate for clothing during the next year.

The other important item that every budget-maker will want to consider is *savings*. To some people, savings are a nonroutine allocation; to others, they are recurring and regular. This is the place where you can plan for long-run expenditures beyond your budget period. You can save just for security against unexpected expenses that you haven't budgeted for (that is, you can expect the unexpected), or you can save for specific, longer-run goals, such as a car, a vacation trip to Hudson Bay, furnishings for the apartment or house you hope to have, a mink coat (if it becomes respectable again), your old age (it will come eventually), a parrot, an electric train or whatever specific goal you may have. Regardless of your objective, it is probable that your total savings at the end of 2 years, let us say, will be larger, and that you'll notice the loss of current spending less, if you save regularly every month.