

A loan can provide immediate relief, but lasting financial health starts with a budget. A budget is not a restriction — it is a plan that puts you in control of your money. And it is not a one-time project: budgets grow with you as income, goals, and circumstances evolve.

The 5 Core Budgeting Steps

1. Track Your Spending

For at least one month, record every expense — cash, debit, and credit.
You cannot manage what you cannot see.

2. Categorize Your Expenses

Separate fixed costs (rent, insurance, loan payments) from variable costs (groceries, dining, entertainment).

3. Set Specific Financial Goals

Define 1–3 clear goals: a \$1,000 emergency fund, paying off a card, saving for a purchase. Goals give your budget purpose.

4. Build Your Monthly Plan

Assign every dollar of income to a category. Use the 50/30/20 framework as a starting point (see right).

5. Review and Adjust Monthly

Compare actual spending to your plan at month-end. No budget is perfect the first time — adjustment is the process.

Useful Tools

- Pen & paper or spreadsheet: Simple and effective for most people.
- Free apps: YNAB, Mint, or EveryDollar can automate tracking.
- Envelope method: Cash in labeled envelopes per category — when empty, spending stops.
- Bank auto-categorization: Many apps categorize spending automatically — a low-effort start.

The 50/30/20 Framework

A widely used guideline for after-tax monthly income:

Category	%	Examples
Needs	50%	Rent, utilities, groceries, insurance, minimum debt payments
Wants	30%	Dining out, subscriptions, hobbies, entertainment
Savings & Payoff	20%	Emergency fund, retirement, extra debt payments

Adjust percentages to your situation — especially if you carry significant debt.

Budgeting with a Loan Repayment

If you have taken out a JIFL interest-free loan, your monthly repayment is a fixed cost — build it into your budget from day one. Treating it as non-negotiable (like rent) protects the loan fund for the next person in your community who needs it.

Common Pitfalls

- △ Forgetting irregular expenses (car registration, copays, gifts).
Set aside a small amount monthly.
- △ Setting goals too aggressive.
A plan you can't follow leads to giving up — start realistic.
- △ Not accounting for interest costs on existing debt.
These belong in your budget.
- △ Skipping the monthly review.
A budget you don't look at won't change behavior.

Filling Out Your Budget: How to Get Accurate Numbers

Most people underestimate their spending by 20–40%. The most common mistake is guessing instead of looking. Here's how to get real numbers:

Pull your bank & card statements

Log into your bank or card app and review the last 2–3 months. This is your most accurate data — not memory.

Don't forget cash spending

Cash disappears from your record. Log purchases in your phone's notes app the moment you make them.

Average across 3 months

One month can be misleading. A 3-month average gives you a true baseline for groceries, gas, and dining.

Separate "groceries" from "entertainment"

Groceries = food cooked at home. Dining out, coffee shops, fast food, delivery apps = dining/entertainment. A \$5 coffee every weekday is \$100/month.

Hunt for forgotten subscriptions

Search statements for recurring charges — streaming, apps, gym memberships, annual renewals. They accumulate unnoticed.

Be honest about "once in a while" purchases

A \$60 clothing purchase "once in a while" may average \$30/month. If it happened in the last 3 months, it belongs in your budget.

✧ A Jewish Perspective on Planning & Stewardship

Jewish tradition has long recognized that financial foresight is not just practical wisdom — it is an ethical responsibility. The Talmud teaches that a person should divide their resources with intention: some for immediate needs, some held in reserve.

- Bal Tashchit (Do Not Waste): A budget directs resources with purpose — the practical expression of mindful, non-wasteful living.
- Hachana (Preparation): Setting aside funds for irregular expenses and emergencies reflects the tradition of preparing wisely rather than reacting to crisis.
- Kavod HaBriyot (Human Dignity): Financial stability reduces stress and expands your capacity to show up fully — for your family, your work, and your community.