

# How to budget effectively?



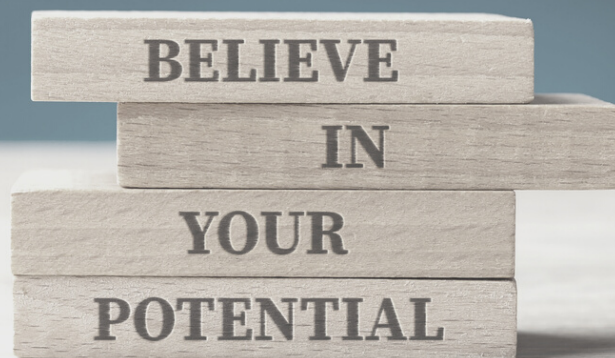
Your personal budget guide to a  
conscious life

# Budgeting



Congratulation!  
You have just taken  
the very first step of  
a more intentional  
life.





## *The problem with standard budget methods*

20-30-50 rule is a great base to start however everyone is different: purpose, life stage, income etc.

*So there is no one solution to all?*

Everyone is unique in their own way so why money would be the exception?

*But will you help me?*

Of course, I am going to guide you through how to create your own personal budget . Sounds great, right?



# *The purpose of budgeting*

Is to create savings which will allow you a financially stabilized life.

## *Where to start?*

You might have read some personal finance advice and always there is one single rule that comes up: YOU NEED A BUDGET:

Creating a budget is essential to see where your hard-earned income goes, it will help you to develop the right spending habits to use your money responsibly and ensuring that it works for you on a long term.

Budgeters are almost twice as likely to not having financial worries compared to spenders, it is unlikely to live paycheck-to-paycheck or struggle with finances.

- Determine your financial goals!

Where you wish to be in 1/5/10/20/30 years? How you imagine yourself? What is the first step toward your goals? Getting out of debt? Breaking the paycheck-to-paycheck cycle? avoiding spending money you do not have?

- Identify your current incomes and expenses!

That is what we will discuss in the next section first.

- Imagine yourself in your 'new life'

To belief, to have a clear vision is highly important to be able to achive your goals and focus on it, even change or correct the smaller steps everyday, if it is neede. Be always ready to take the next step.

P.S.: You can create a personal, or a common coffers (couple ,family).

Category	January	February	March	April	May
Common Cost	25000	25000	25000		
Electricity	4545	7069			
Gas	5453	5462			
Water	6940	0	6939		
Mobil	8121	18512	5990		
Internet	3721	3720			
Apple	299	299			
<b>Total</b>	<b>54079</b>	<b>60062</b>	<b>37929</b>	<b>0</b>	<b>0</b>
Savings	28000	22500			
Retirement Fund	10000	10000			
Health Fund	7000	7000	7000		
Sinking Fund	3594	8586			
Investment	0	1321			
Coin fund	640	98			
<b>Total savings:</b>	<b>49234</b>	<b>49505</b>	<b>7000</b>	<b>0</b>	<b>0</b>
Food	26454	39052	21659		
Housing	4632	26364	4456		
Medicine/ Health	34140	9530			
Free time	4086	0			
Transportation	13360	0			
Clothes/shoes	0	0			
Cosmetics	0	29931			
Gifts	3100	0	1590		
Other fun	16677	15990	1295		
Bank	3000	28			
<b>Total</b>	<b>105449</b>	<b>120895</b>	<b>29000</b>	<b>0</b>	<b>0</b>
Cafeteria		30970	30970		
Food	24020	1500	1540		
Freetime	0				
Hotel	10349	0			
Income	319022	230962	103235	0	0
Salary	225522	196822	98235		
Others	93500	34140	5000		

*Identify your current incomes and expenses*

Create an easily accessible spreadsheet or download a copy of mine!  
Password: financejupe

## *Identify expenses*

The easiest way to identify your expenses is by checking back your bank accounts to 90 days. Yeah 30 days is a way too short period of time, especially if you have bills which come in every other month.

## *Irregular expenses*

- Gifts for birthdays, holidays, weddings
- Annual vacations
- Annual taxes (property, car etc).
- Annual insurance fees
- Bigger purchases (e.g. buy a new car or furniture)
- Seasonal spendings (e.g. gardening)

Write them into a calendar or to the bottom of the spreadsheet.

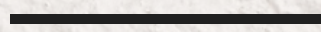
Yes, you might have figured out them out,  
these are your future

## *Sinking funds*



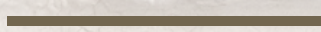
*Where your money goes ?*

01



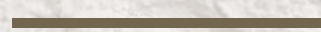
FIXED  
COSTS

02



VARIABLE  
COSTS

03



SINKING  
FUNDS  
AND  
SAVINGS



## 01 - Fixed costs

If you were careful while checked back your costs, it is the most likely category that you can define straight away. In this category try to have as much flat-rates as possible and round the cost up to 10/100 (depends on currency) to be accurate.

Fixed costs items:

- Utility costs (gas,electricity, water, sweepings, common costs)
- Rental fee or mortgage
- Debt payment (Car leasing,credit card, student loan, personal loan, other)
- Insurances
- Teaching costs
- TV, internet, mobile and other subscriptions

## 02 - Variable Costs

This needs more effort to figure out how much you spend on them, but that is why you need a longer tracking than a month to be able to estimate them.

- Food
- Dinning out
- Household
- Hobbies / sport
- Clothing
- Dependencies (smoking)
- Pets
- Healthcare
- Beauty

# Income



Add up all of your income:!

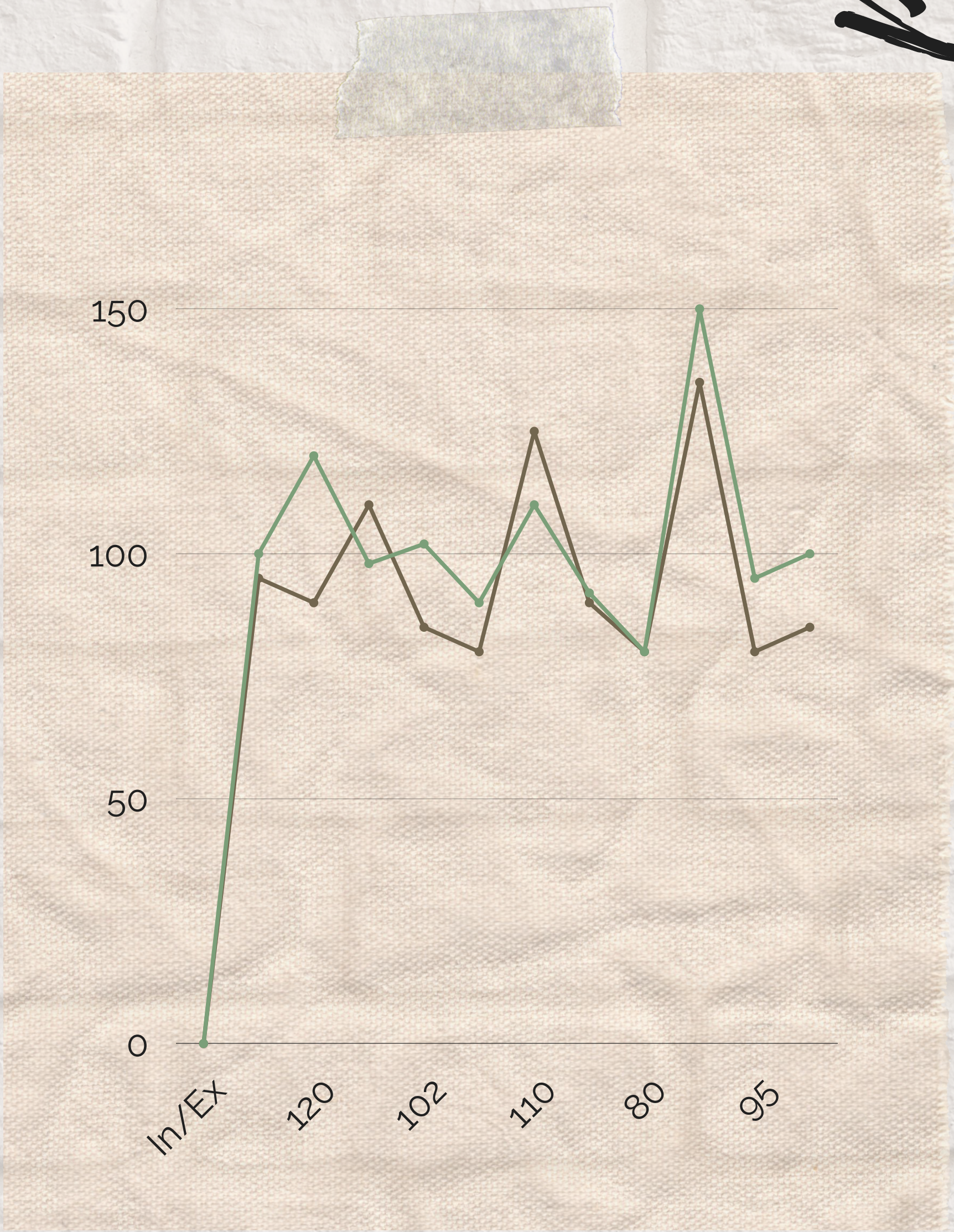
Yes, I mean everything: legal , semi-legal  
and even the illegal ones,:

- Wage / Salary / Revenue
- Side Hustle
- Bonus
- Gift
- Aid
- Other income

Write numbers if you are doing a family  
budget!

# Savings potential

Income - expenses =



# Net Worth

What you own minus what you owe



## ASSETS

Your total values.

## LIABILITIES

Your total debts.

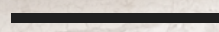


## *The balance*

CONGRATULATIONS!

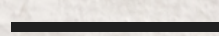
Now you have determined your saving potential and your net worth it is time to act.

*01*



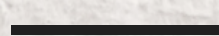
Emergency  
fund

*02*



Sinking  
funds

*03*



Pay off your  
debt

In general if you can save at least the 20% of your net income you are good to go. There are two really important insurances to pay every month: life and retirement fund - explained below.

After the insurances budget your emergency fund: keep 3 to 6 months of your expenses available for some warrant situations.

3 months - in debt  
6 months - no debt

*Emergency fund*

Try to prepare for irregular purchases

Being an intentional shopper means that you know where your money is going. Everyone have a wishlist for bigger and more expensive items, which we wish to own. These items are improves our life (or we think so), but usually out of our monthly budget. So instead of asking for a new credit or debt. Think ahead and save up for. Note your lifestyle and habits.

Go back to page Nr. 7 if you do not remember the categories

*Sinking funds*

# Personal insurances



## LIFE

Think of illnesses, diseases or your family in a tragedy, it is important to have a fund which covers your lost income.

## RETIREMENT

The younger you start, the less you need to pay, the more you will get.

# Pay off your debt



If you have several debts, try to follow Dave Ramsey's baby step rule: prepay first the smallest and go towards to the highest (it will be lower in the meanwhile). This snowball will gives you successes all along your journey.

For the future try to avoid any debts, there is one exeption is your home.

Be proud what you have and do not buy anything in advanced which you can not afford. I know a new BMW would be nice right away, but be patient.



*La jupe*  
IN STYLE



*Be Free*

# *First steps of building wealth*

## INCREASE YOUR EMERGENCY FUND

Build a fully funded emergency fund that covers 6 months of expenses.

## SAVE FOR YOUR CHILDREN

The best if you have already started by the time your baby born as the same rule apply for this as the one of retirement. If you have not started start now, otherwise try to increase it. Remember it is perfect for college, but if your kid not interested in it simply give it for their adult life.

## TAX REFUND

Educate yourself with taxation, look for investments with tax refunds: usually governments offers after retirement, health or children funds.

# *Invest*

Hire an expert  
and let your  
money works  
for you.



'MAGIC TRIANGLE OF INVESTMENT'  
consists 3 components of investment:

- return
- risk
- liquidity

Unfortunately, the three never apply at  
the same time.

Above, I have written about the coexistence of low risk  
and high liquidity: that can be any bank account,  
savings account etc., typically where you keep your  
money in order to be able to pay your expenses, sinking  
and emergency funds. Its monetary value decreases,  
but you need to have it anyway and first.



## MID & LONG TERM INVESTMENTS

- Mid: 3-5 years
- Long: +5 years

So a well-balanced portfolio would consist of different length and risk of investments..

Where to invest ?



# About me



Hi my name is  
Emese.

I was born and raised in the countryside of Hungary and moved to the capital at my age of 18. I am happily married to the best man of my life and owning our small flat together.

I was studied Tourism-Catering in Budapest and Portugal, while my master was Management-Leadership, working as a hotel Concierge and you can hire me as a private guide to discover Budapest.

During the past years I have experienced how to live from a relatively high, average and due to the pandemic crisis from nearly nothing.

I am writing La jupe in style blog since 2018, with an intertional mind shift since 2019.

Since March, 2021 I am official a financial advisor. as a side-position

*La jupe*  
IN STYLE



trust  
dy who  
t ha e  
isl of  
your!  
LOREA STEINHAM

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