How to Make a Budget (Step by Step for Beginners)

Finance and Business · about 18 minutes · 2026-11-11

A fully illustrated, 29-step guide to building a budget that survives real life: gather your numbers, pick a framework, automate it, and review it every month.

Phase 1 — Collect Your Real Numbers

1. **Choose one budgeting period**
   Choose one budgeting period.
2. **Gather three months of statements**
   Gather three months of statements.
3. **Calculate net take-home pay**
   Calculate net take-home pay.
4. **Average irregular income**
   Average irregular income.
5. **Note any upcoming pay changes**
   Note any upcoming pay changes.
6. **List every fixed bill**
   List every fixed bill.
7. **Annualize the irregular bills**
   Annualize the irregular bills.
8. **Total your fixed costs**
   Total your fixed costs.

Phase 2 — Face Your Variable Spending

9. **Export 90 days of transactions**
   Export 90 days of transactions.
10. **Assign every transaction a category**
    Assign every transaction a category.
11. **Compute a three-month average per category**
    Compute a three-month average per category.
12. **Hunt down recurring charges**
    Hunt down recurring charges.
13. **Split needs, wants and future-you**
    Split needs, wants and future-you.
14. **Name your three biggest cash leaks**
    Name your three biggest cash leaks.
15. **Set a realistic baseline**
    Set a realistic baseline.

Phase 3 — Choose a Framework and Set Targets

16. Compare the three common frameworks

Compare the three common frameworks.

17. Commit to one and write it down

Commit to one and write it down.

18. Set a cap for each variable category

Set a cap for each variable category.

19. Pay yourself first

Pay yourself first.

20. Build a starter emergency fund

Build a starter emergency fund.

21. Choose a debt payoff order

Choose a debt payoff order.

22. Leave a buffer line

Leave a buffer line.

Phase 4 — Put the Budget to Work

23. Pick one tool and only one

Pick one tool and only one.

24. Build the sheet with three columns

Build the sheet with three columns.

25. Automate transfers on payday

Automate transfers on payday.

26. Schedule a 15-minute weekly check-in

Schedule a 15-minute weekly check-in.

27. Make a mid-month correction

Make a mid-month correction.

28. Run a month-end variance review

Run a month-end variance review.

29. Roll into next month with a three-month average

Roll into next month with a three-month average.

Sources

1. CFPB — How to create a budget and stick with it
   https://www.consumerfinance.gov/archive/blog/budgeting-how-to-create-a-budget-and-stick-with-it/
2. IRS — Tax Withholding Estimator
   https://www.irs.gov/individuals/tax-withholding-estimator
3. BLS — Consumer Expenditure Surveys
   https://www.bls.gov/cex/
4. MyMoney.gov — Five financial foundations
   https://www.mymoney.gov/
5. Resourcera, Top 100 Most Searched Things On Google in 2026
   https://resourcera.com/data/search/most-searched-things-on-google/