Budgeting

Budgeting is the cornerstone to a healthy financial future. Do you keep track of your money coming in and going out? If not, start with a basic budget. Start by determining your net income. Imagine that you’re paid every other Friday with a $1,000 deposit into your checking account (your “net” paycheck after taxes, withholding, insurance deductions and possibly retirement contributions). Because you receive two paychecks most months, your monthly budget would be $2,000. Read on for how experts recommend you balance this budget.

Your “needs”: 50%
- Add up your monthly bills: rent or mortgage, car payment, cellphone, utilities, groceries, etc. For things that may be paid annually or twice a year, it can be helpful to figure out what the monthly cost is. For example, if you pay a big online shopping website $119/year for free shipping, the monthly bill is about $10. It’s recommended these “needs” account for less than half of your monthly budget.
- What if your bills are more than 50%? Consider how you can cut back: streaming services, cellphone cost, consolidating mortgage or loan payments, impulse grocery-buying.

Your “wants”: 30%
- This can be a hard budgeting category to wrangle. Is an upgraded cellphone a need or a want? Similarly, clothes are necessary (for most people!), but how much and how often? You’ll have to understand how “flexible” or “strict” you want to be when it comes to distinguishing between needs and wants, but this category should generally be about 30% of your net income.

Your savings: 20%
- Set yourself up for successful saving by sending a portion of your paycheck to a savings account. (JHM employees can do this through ESS.) Some experts recommend 20% of every paycheck be diverted into savings. If that is too much, start small and keep increasing. Savings are important for unforeseen expenses — like a medical emergency — or for large expenses you’re working toward, such as the down payment on a home.

Remember that for most of us, working with a budget is a process, so be patient with yourself as you learn how to manage your money differently. And ask for help if you need it.

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Success Story

Taija Silva, Patient Service Coordinator
The Johns Hopkins Hospital

I always keep in mind that if I do not take a break, then my body will decide when to take one, and it may not be at a convenient time. After years of having this happen, I make the time to rest and take care of myself. I plan out my days and get up early to meditate and get myself “together” before I have to be a mom and employee for the day. I find a lot of comfort and peace in meditation, and generally find myself less stressed and worried when I practice.