



HOW TO START BUDGETING, SPEND
WISELY, AND SAVE AS A YOUNG ADULT
(GUIDE)

An OnCourseHQ.com Resource

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How to use this guide

There are thousands of videos, tools, spreadsheets, and other resources out there to help with budgeting. This can make for a very confusing journey if you're trying to get started and learn about budgeting and finances in general. So, to help with that, I made this guide to help young adults make sense of/create a budget they can actually use. Here's how to use this guide:

Read every page

I know this may sound tedious, and it kind of is, but I wouldn't want you to halfway understand this guide and feel another wave of defeat that you can't make sense of another thing in life. So, commit to reading every page. Read them over multiple times if needed to understand the material.

Follow every step

This is obvious, but if you skip steps (especially in the beginning sections of setting up the budget), you'll find yourself lost. Follow every step, and things will make sense. We're building a full-blown custom budget here after all.

Employ the skills

When you've completed this guide, you'll have a fully custom, specific-to-you budget. Use it, along with the skills talked about in sections #3-#5, and you'll see actual results. I can tell you how to save money, but it's up to you to do the work.

Opening comments

Now, I'm not going to pretend like completing this guide is "easy" or "quick." It's going to require you to figure out where you spend your money. It may reveal charges you didn't realize you were paying for, or that you spend more than you think at your favorite stores. Then, you have to actually do the work of ending those subscriptions or limiting your spending in that area. How annoying. But you know what's way worse than annoying? *Regret*. What does regret look like?

Hundreds or thousands of dollars wasted on stuff because "you forgot about that subscription," spending money you don't have on things you don't need and racking up debt because of it, or, not being able to afford the things you want or need later in life because you don't have the money.. All because taking the 1-2 hours of going through 1 months' worth of charges and setting up a budget sounded "annoying."

As someone who chose to be "go with the flow" in finances for many years, I can promise you, with my whole heart, that making the decision to be responsible with finances is one of the greatest choices you'll ever make. You'll be able to truly live within your own means, have a blast, and set yourself up for financial success.

Why make a budget? Well, according to Dr. Jordan B. Peterson, "*Without rules we become slaves to our passions.*" No one wants that. You don't want that. Even as cool as it could sound, trust me, you don't want that. A budget's restriction gives you financial freedom. Later in this guide, you'll learn why this is the case.

Most young adults don't get taught how to manage money; they just start earning it and hope for the best. This guide helps you change that story. Follow it word for word, and you will change your life. By the end, you'll know exactly where your money is going, how to budget confidently, and how to start saving for goals that matter to you. Whether you're starting from zero or trying to get more disciplined, this guide gives you the tools & understanding to take control of your finances as a young adult, and provides you with a sturdy foundation to build off of.

So, with that said, follow this guide step by step, and by the end you will:

- Understand your current spending habits.
- Create a clear monthly budget using the **EveryDollar** app
- Identify & make progress towards two financial goals (1 short-term & 1 long-term).

Section #1: Know Where Your Money Is Going

Objective: Gain awareness of your spending patterns & log them in the EveryDollar app.

To start off, follow these 5 steps:

1. Download the EveryDollar: Budget Management (Green app with white money icon and an R on the bottom right corner) or visit: EveryDollar.com (*I recommend the app as it's way easier to use and is more accessible*).
2. Create an account
3. Skip the questions it prompts you with
4. On the bottom of the screen, hit "budget"
5. For the month before the current month (I'll tell you why later), hit "Create MONTH BUDGET"

Congratulations, you've created a budget! Now, we're going to use it to track your last 30 days of your expenses.

In the month budget, you will see 3 sections: **Planned**, **Spent**, and **Remaining**. These show you how much you **planned** to spend, what you already **spent**, and what you have **remaining** to spend. For now, click into the Planned section.

You'll notice that the budget is pre-loaded with the following sections in this order: Income, Giving, Saving, Housing, Transportation, Food, Personal, Lifestyle, Health, Insurance, and Debt. This is helpful because all these sections most likely account for every type of charge you have made in the last month. Of course, if you need to add a type of charge, you can hit "Add Item" in the appropriate section and create it.

The reason we're doing this in a previous month as opposed to the current month is so when you input 30 days' worth of charges, and then create a new month's budget, it can pull from those amounts set, and you'll have an accurate budget to work with based on your specific spending. You only need to do this work once.

With that said, it's time to get to the nitty gritty. Pull up your banking app, or pull out your bank statements, and **input your income and expenses in the previous month's budget for the last 30 days** (this will allow you to see if there are any monthly recurring charges, too).

To input charges:

1. Make sure you're in the previous month's budget
2. Click "Transactions" on the bottom center of the screen
3. Click the blue plus sign
4. Make sure it's labeled "Expense" at the top of the transaction
5. Input the amount of the charge, the name of the store/place you bought the item from, select the budget item you think this charge belongs in (a phone bill would probably go in the "Phone" budget item, and a Dutch Bros drink would probably go in the "Restaurants" budget item. Put them where it makes sense)
6. **For income**, do the same but put it in the "Income" budget item, and make sure it's labeled as "Income" at the top of the transaction

Start from today, and work back 30 days. **Log. Every. Charge.** It doesn't matter if you spent \$100 or \$1. Input. All. Your. Charges. You'll know you've input them in the correct budget when you try to log a charge and it says "Oh, you're logging a CURRENT MONTH expense in a PREVIOUS MONTH'S budget." That's the message we're looking for.

Do this for every charge and income for the last 30 days, and then move on to section 2.

Reflect: What surprised you about your spending? Where could you be more intentional?

Tip: Awareness always comes before change. Don't judge yourself, we're just getting clear on the numbers here.

Section #2: Build a Budget that Works for You

Objective: Create your first working budget using EveryDollar.

Congratulations, you've just done the most difficult part of budgeting, which is initially finding out where your money goes! Seriously, the work you just did will set you up well for all your future budgeting.

Now, because you input your charges, but didn't plan for them in the Planned section, your budget thinks you've overspent by all your charge amounts. At the top of the budget, you should see a red message saying "\$X amount over budget." To account for this, and to actually set up your budget amounts, simply:

1. Click into your previous months budget
2. Scroll to your first red budget item
3. Click into the budget item (you'll see the type of charge and right underneath it should say "\$X amount spent of \$0.00")
4. Tap the "\$0.00" part of the amount spent, and input the total amount you spent (you know you did it right when the remaining amount inside that specific item says "\$0.00")
5. Repeat for every budget item you input charges to
6. Do the same for the income

All you're doing right now is going back and making the budget's Planned section reflect every charge you said you spent in the last 30 days.

When you've finished, there will be a message saying either "\$X amount over budget." Or, "\$X amount left to budget." This depends on whether or not you made more money than you spent, or the other way around. If you made more money than you spent, then your budget will have the "\$X amount **left to spend**" message, and vice versa. If you made more than what you spent, great, you've got money to allocate somewhere else. If not, then you should think about what areas you can limit spending so you can get yourself in the black and out of the red (in the black = **taking in** more money than you spend (GOOD) in the red = **spending** more money than you're taking in (BAD)). No worries if you're in the red. All you need to do is see which areas you can trim your spending in. You'll want to be able to save at least 15% of your take-home pay to be able to put towards your savings (more on that in the next section).

If you're in the black by 15% of your take-home pay, you don't need to do these next 3 steps. If you're in the red, then:

1. **Look through** your new planned budget items
2. **Decide** which budget items you *would* and *could* reduce (spend less)
3. **Reduce enough** of your planned budget items \$ amount until you see a green message at the top of your previous month's budget saying "\$X amount left to budget" and the \$X amount is at least 15% of your take-home pay (you can easily find what 15% of your take-home pay is by taking the total take-home \$ amount and multiplying it by 0.15. The number you get when doing that calculation is 15% of your take-home pay)

Example: If your take-home pay is \$1,500 per month, and you multiply that by 0.15, you get **225**. So then, 15% of \$1,500 is **\$225**, which is the amount you'll want to save.

How to choose what to budget for: If you're finding it difficult to decide what to budget for and what not to, here's the list I use of budget items in order of importance:

1. **Rent/housing**
2. **Essential Food/water**
3. **Car/gas**
4. **Phone**
5. **Debt**
6. **Saving (more on this in the next section)**
7. **Everything else (subscriptions, fun-money, extra clothing, vacations, etc.)**

Tip: If you reduce your spending in a certain area, and it's a subscription, you'll need to actually go and cancel/pause your subscription. Don't forget this crucial step, or you'll look great on paper, but wonder where all your money went.

The whole reason you're doing this is so that you can carry over the best possible plan into the next month. Doing this work now means not having to do it later, and sets you up for some serious financial success. When I did this exact plan, I was able to save up an extra **\$5,000 in 6 months**, just by doing this step alone. Is it tedious work? Yes. Is it fun? Probably not right now. Will it help you save thousands towards your goals? Absolutely.

Once you're done, all that's left to do is:

1. **Navigate** to the Budget tab
2. **Click** the month budget at the top of the screen
3. **Click** the current month (it should give you an empty budget saying "You need a budget for CURRENT MONTH")
4. **Click** "Create CURRENT MONTH Budget"
5. Boom, an accurate, specific-to-you budget has been created

Now, pause and take a moment. Most young adults put budgeting off for years. Some never do it for their entire lives "go with the flow." You just did that work today. You are now the proud creator of your budget. This is **THE** tool that will allow you to do amazing things with your finances. More on that in the next section.

Once you're done with this step, move onto the section 3.

Section #3: Building Smart Habits

Objective: Keep your finances steady long-term.

Ok, let's recap. You have:

1. Downloaded the EveryDollar app
2. Created an account
3. Looked through the past 30 days worth of your charges
4. Logged them in the correct budget items
5. Logged the past 30 days worth of income
6. Adjusted your "Planned" amount to save 15% of your take-home pay
7. And created a specific-to-you budget for the current month that's ready to go

Now, you got to use it, spend wisely, and save. We'll cover all three in this section, starting with how to use your budget.

USING YOUR BUDGET

After years of using this exact budgeting tool, here's my 3-step surefire way of using your budget. It's simple, and works effectively:

1. Log your charges & income immediately
2. Log your charges & income immediately
3. Log your charges & income immediately

No fluff, that's literally what it comes down to. It's all about logging your charges and logging your income *when they happen*. It should become a habit. You should be pulling over after going through a drive-thru to log your charge before heading home. You should see your direct deposit come in and immediately be logging your income. Your friends should be asking you, "what are you doing?" as you input the charge amount at the chipotle checkout area after ordering your bowl. It will be ingrained in your mind. It will simply become what you do. This is how you take control of your finances, one logged-charge at a time.

Tip: In the beginning of your budgeting experience, you will occasionally forget to log some things. No worries. If you find yourself going "Oh, I haven't logged any charges for the past 3 days..." that's ok. Just log them now. Don't put them off for another second. Do it now. Even after years of budgeting, I'll occasionally be winding down for the day and think "woah, I totally bought lunch today and didn't log it." You know

what I do? I log it immediately because I know this habit of tracking and spending within my budget amounts keep me on track for financial success.

SPENDING WISELY

When it comes to spending wisely, you only need two things: the ability to **objectively look at your spending habits**, and the **24-hour rule**.

The 24-hour rule is this: If you see something you'd like to buy, and you weren't already planning on buying it, wait 24 hours. If after 24 hours, you still want it, and think it's a wise purchase, and have the money budgeted for it, then go for it. Then, you can freely enjoy your purchase. **A budget is permission to spend in the amounts and the areas that you set for yourself.**

I just did this a while ago for myself. I came across an ad for a subscription to Peterson Academy, where they have amazing teachers teaching on incredible topics. I really wanted to buy it, and had the money for it, but it was \$400 for the year. Not a light purchase for me. So, I gave myself 24 hours to think it over. After the 24 hours, I still thought it was a good investment in myself, and made the purchase. Now, I freely enjoy my purchase every time I log on to watch another great lecture or learn on a new topic. But that rule of taking *24 hours to think over a purchase* has saved me from many impulse-purchases, and a lot of buyer's remorse.

Objectively looking at your spending habits is when you can see when you're spending money on things you *need*, and when you're spending it on things you *want*.

Remember when you had a perfectly good phone, and then Apple released the new iPhone and you were like "you know what, I need a better phone," yeah, that's a *want-charge*. Remember when you needed to get to work, and your gas tank was empty and you thought, "oh yeah, I need gas," that was a *need-charge*.

Being able to distinguish *need* and *want* charges will allow you to vet all your spending, and allow you to eliminate want-charges to make room for future-you's financial success. Think of every want-charge you eliminate as a stepping stone towards your dream financial life. Now, don't get me wrong, you should have fun. I even have a "fun money" budget item every month so that I can freely spend that money wherever and whenever I want, but it is limited to a certain amount.

Not having this self-imposed rule is why most people don't succeed with their finances, and why so few truly do. If you can impose a few simple and helpful rules

in your finances (like using your budget and spending wisely), you'll set yourself up for financial success that isn't attainable or sustainable for someone who can't do those things.

Note on rules of budgeting: Remember a few paragraphs ago when I said **"A budget is permission to spend in the amounts and the areas that you set for yourself."**

Yeah, I wasn't joking. This is legit. No one is telling you that you can only spend \$X amount on clothes for the month, or that you can only spend \$X amount on food for the month. The only limiting factor on that is *you* and how much *you make*.

So, make your budget something that you *would* and *could* agree to. If you really like going to the movies, then create a budget item for it, and allocate some take-home pay towards it. If you really enjoy thrifting, create a budget item for it and allocate some take-home pay to it. Of course, you only have a certain amount of money to allocate to so many areas, so you have to be wise about it, and it absolutely can be fun.

When I made the decision to start budgeting, I had some significant amount of credit card debt. So much so, in fact, that it made me nauseous to think about it. I avoided it and felt guilty every time I bought anything because I thought "I should be putting this towards paying off my debt." So, when I started budgeting, I had a budget item called "Credit Card Debt," where I put a significant amount of my take-home pay towards. But you know what I also had? A fun-money budget. It was a very small amount, because wisdom said, *"Pay off the debt, and you'll be free to spend and save more later,"* but it was still enough to get ice cream or go to the movies a few times every month.

This whole budgeting thing can be so freeing if you make it that way. Of course you need to spend wisely. Of course, you need to pay off debt before buying your dream car. But you absolutely can and should make your budget something you *would* and *could* agree to. So, make it worth it, whatever that looks like for you.

SAVING

What is saving and why should I do it? Well, great question. Saving, put simply is putting away a piece of your take-home income to not be spent yet. Why should you do it? Well, because yet will come in many forms. How about so that you can afford a decent home in the future? Or so that you can save up to buy a nice laptop for yourself? To do this, it's recommended that you start by saving 15% of your net pay.

So, aim to be able to save 15% of your net pay (gross pay is what you make before expenses like taxes, car insurance, and housing. Net pay is what's left over after those expenses. Imagine if you made \$1,000 gross this month, and you had 3 bills that cost you \$500 total. Your net pay, then, would be the \$500 remaining after paying the bills, and you would want to save 15% of that \$500, which would be \$75). By doing this, you can use this money to pay off debt, or, if you don't have debt, use it to save for a car, house, or investing. You do want to do it in that order, by the way. Pay off your debt (if you have any), then save to buy things you want or need in the future. Otherwise, you'll be saving for something while you are still in the negative (because you owe money to someone, aka, debt).

Savings can be put towards a variety of useful things. You can put money towards a new car (if needed), a future home, or investments. You will never regret saving too much, but you will regret spending too much. Plus, when a car problem arises, or you're laptop breaks, you'll have the funds to pay for repairs or replacements without going into debt for it.

Tip: start with a \$1,000 emergency fund. Save up \$1,000 and *keep it in cash in your room* (best kept in a safe or secure area). \$1,000 can fix most car problems that come up and acts as buffer between you your saving goals when problems come up. That way, you don't need to pause any of your spending if a problem comes up, because you already have the money!

In 2024, I was driving down the highway and my car literally just shut off. I couldn't drive over a certain RPM, and my car just slowed to a stop, right in the middle of highway 50. Scary, right?

I called my mechanic, and he came and to check it out. Turned out I needed a certain part replaced, which was only a couple hundred dollars, but he also told me that I needed all 4 rotors replaced and all 4 brake pads because they had warped & worn weird because of it. I looked at my rotors and my brakes, and he was correct. Yikes. This was way more expensive than I had planned for.

Did I freak out? Did I wonder how I was going to pay? Did I try to see if I could borrow money from someone? Nope. You know what I did? I walked to my room, took out my \$1,000, and told my mechanic to do the job.

That's the power of an emergency fund; that's the power of **saving**.

Saving allows you to put your take-home income in safe places for future use. As I'm typing this out, I'm actively saving to buy a home in the next few years.

Eventually, I'm sure I'll save to buy something else I need. Saving isn't some frustrating thing to do when you know what the opposite looks like; panicking, not having enough for essentials like gas, food, housing, or needing to *go into debt* to pay for things you may or may not need.

The solution is easy. Save. Save 15% of your take-home income. Some banking apps can even be automated to automatically take a certain amount and put it into a different account, so you don't even have to think about it.

Saving is one of the smartest financial decisions young adults will make.

Section #4: Set Goals and Save Toward Them

Objective: Save for a short-term and long-term goal.

Alright, you've got your budget set, you know how to use it, spend wisely, and are knowledgeable about saving. Now, the fun part. Choosing what to save for:

1. Choose one short-term goal (within 12 months), and one long-term goal (3-5 years):
 - Short-term example: Save \$300 for a weekend trip
 - Long-term example: Save \$10,000 for a new car
2. Break them into weekly targets (e.g., save \$15/week).
3. Write them on a physical piece of paper or in your notes app (wherever you'll be able to reference it and keep it front-of-mind)
4. Automate it if possible—use automatic transfers to a separate savings account.
5. Celebrate your milestones and keep your next goal in sight.

Tip: Just like steering a ship, your direction matters more than your speed. Stay consistent, and you'll make progress towards exactly what you want to save for.

Section #5: Reflect and Apply

Ok, if you made it this far, you have put some serious effort into making this happen, and you should feel good about it. Taking responsibility for your finances is something that you in 5, 10, and 50 years in the future is thanking you for. Below are a few questions for you to ponder in light of completing this guide.

Quick Questions:

- What did I learn about my spending habits?
- What part of budgeting feels most challenging?
- What financial goal am I excited to reach first?

Next Step: Commit to using your budget & the skills learned in this guide. Ultimately, that is what is going to make the difference in your financial success; whether or not you commit and stay committed to your budget & the skills learned.

Then, share your financial goal with a trusted friend, parent, or mentor for accountability. You can also DM Jake on Instagram, Facebook, or TikTok @jakelaraofficial and let him know you're goals & he'll respond!

Ending Note

When it comes to finances, those that can and do take responsibility for their spending will always use money more wisely than people who “go with the flow.” You are now a part of that select group of young adults who are trying to stay on course and improve their lives, and now, you’ve got the budget and budgeting habits to prove it.

Keep fine-tuning your goals, budget, and budgeting habits as time goes on. Just remember, your budget and how you use it should always be something that you *can* do that you *would* do, and give yourself room to adapt to this new mature way of handling your personal finances. I know you can do it!

Onward and Upward,

-Jake Lara
Founder of [OnCourseHQ.com](https://www.onscoursehq.com)

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