

# Values-Based Budgeting

How many times have you sat down to budget and decided it wasn't for you? Or better yet, how many times have you *thought* about budgeting and didn't even get as far as sitting down to do it? You are not alone.

**Budgeting is hard.** And it brings up a lot of emotions. Many people equate budgeting with restriction or lack. You think you can't have the things that bring you joy because you have to take care of all of the boring stuff. And the boring stuff gets in the way of living your life.

Well, there is a different way to do things. Welcome to Values-Based Budgeting! The goal here is to understand what you deeply value, what lights you up and brings you joy, and make your financial decisions based on those.

In the next few pages, we will walk you through how to do just that.

Using a values-based approach to budgeting makes the process feel less focused on the numbers and **more focused on how your money is helping you be more of who you are and live the life you want.** This approach makes it easier to say yes to some things and no to others. It helps you feel more in control because you're making decisions that feel true to you.

**Disclaimer:** This budget is designed for people with one income as the audience. If you are married or combine finances with another in any capacity, this budget template may not be the best tool for you.

Let's get started!

## Clarifying your values

First, the most important piece of the puzzle: your values. A value is an essential powerful force in your life, an important idea, concept or principle that has always, and will always, guide your life. Generally, our most important values are invisible to us yet ever-present.

And when I say invisible, I mean invisible. Oftentimes, we are *told* our values by society: *Success, Individualism, Kindness, Prosperity*, etc. But in truth, those values may not resonate with you individually, and trying to live your life according to them has been a struggle.



It's time to let yourself **identify your own values** so that you can live by them. Do you get fired up by *Spontaneity*? Or does *Stability* rock your boat? Do you come alive when you exhibit *Strength*, or admire *Strength* (not necessarily just physical) in others? All of these things could be values to help guide your decisions, including your financial ones.

To discover your values, we are going on two journeys. For this exercise, you will need time (15 minutes or more), quiet, paper, and a writing utensil. As you embark on these journeys, keep a soft focus on whatever you are seeing or feeling.

## Exercise

**Begin each journey by taking a deep breath in, and let it out slowly.** Take another deep breath, and let it out slowly. Allow your body to relax into whatever position you are in. Notice any tension in your body...breathe into it, and let out the breath to relax that tension.

Think through each of the following scenarios, taking time in between each to take some notes. The notes should include whatever is most important for you to remember.

### Journey One:

Think back to a time when you felt disrespected. You felt invisible and unimportant. Who you are was not honored.

- What is happening?
- Who is around you?
- Notice your body. How does it feel at that moment?
- Notice the sights, scents, and sounds
- What emotions are you experiencing?

### Journey Two:

Think back to a time when you felt you were your truest self. Everything was right at that moment. You felt seen and valued. You were in your element and at your highest potential.

- What is happening?
- Who is around you?
- Notice your body. How does it feel at that moment?

- Notice the sights, scents, and sounds
- What emotions are you experiencing?

## Values List

You will now use those notes to help you choose your values! Take a look at the following list of values as a starting point. Some might immediately jump out at you as you read them. Continue to maintain a soft focus as you read through your notes from the journeys and let them guide you to the values that feel most resonant. Note that your exact value might not be on this list. That's okay! Write it down for yourself.

**Circle the five most important values for you from this list:**

Acceptance Accomplishment Acquisition Adventure Aesthetics Affiliation Authenticity Authority Autonomy • Balance Beauty • Challenge Commitment Communication Community Companionship Compassion Competence Competition Conformity Connection Conservation Contentment Contribution Control Cooperation Creativity Cultural Heritage Curiosity • Dependability Diversity Differences Duty • Education Elegance Emotional Awareness Emotional Expression Equity Ethics Excitement Exploring • Fairness Faith Family Fitness Financial Security Flexibility Forgiveness Freedom Friendship Frugality Fun • Generosity Global Responsibility Grace Gratification • Happiness Harmony Health Helping Home Honesty Humility Humor • Idealism Influence Independence Insight Integrity Intimacy Individualism • Joy Justice • Kindness • Leadership Learning Listening Love Loyalty • Meaning Moderation Morality Mutuality • Nature Nurturing Nutrition • Parenting Passion Peace Perfection Personal Growth Play Pleasure Politics Power Predictability Pride Prosperity Purpose • Quietness • Recognition Relationship Religious Respect Reciprocity Responsibility Risk-taking • Security Self-Awareness Self-Care Self-discipline Self-esteem Self-sufficiency Service to others Sexuality Social Status Socialization Space Spirituality Spontaneity Stability Strength Structure Supportability Survival • Teaching Teamwork Time Tolerance Tradition Trust Truth • Variety • Wealth Wholeness Wisdom Wonder Work

Once you have your list of five values, give yourself some time to write down what each one means for you. Define them for yourself so you can see them clearly.

YAY! You've taken the first step in Values-Based Budgeting! Now that you've identified your values, head over to the budget template and list each of your values in the "values" post-it space.

## Budget Categories

Budgets typically come with already created categories. I'm sure we've all seen rent, groceries, shopping, utilities, debt, etc. You get the idea. The categories that show us the minutiae of life. Only some of us get excited about that level of detail. For the rest of us, having budgeting categories that actually mean something to us would be more impactful.

So let's do just that. Let's create five overarching budget categories that mean something to you. That you can look at and be excited about. That will keep you on track with spending or not spending in that category. We'll call them your Confident Categories.

Your **Confident Categories** can directly line up with your values. So if you value *Adventure*, you would have an *Adventure* Confident Category. Maybe you have the value of *Self-Love*. So create the *Self-Love* Confident Category.

However, for some of us, our values might not easily translate to an overarching budget category. Instead, we need to create Confident Categories that make the money we are spending more exciting. Paying rent or mortgage might not excite you, but Thriving or Building Generational Wealth could. Those would be your Confident Categories, and they should be influenced by the values you hold. (i.e., how do you honor *Self-Love* in your Thriving category?)

The possibilities are endless, and may take some tweaking as you plan out your budget. That's okay! Contrary to popular belief, **budgets are flexible, not rigid**. Write your Confident Categories in the appropriate places on your budgeting template.

Once you have your five Confident Categories, we can slot some of the more common categories under those. In the budget template, go to the tab labeled "Common Categories." We've provided a non-exhaustive list of common expenses that might apply to you. Some of them won't! And you should add/edit categories so they reflect your actual expenses. Cut and

paste those common categories underneath the correct Confident Categories on the “Budget” tab.

For example, under *Adventure* you could have: restaurants, travel, books, and entertainment. Under *Self-Love* you could have: rent, groceries, therapy, spa treatments, and medications.

Take some time with this so you feel good about what common categories go into your Confident ones.

**Note:** The budget template includes already existing formulas in the table. When putting in the common categories, put them in the columns headed by “*Common Category*.”

## Show me the money!

Now that we have clarified your values and determined your Confident categories, let’s add in the final component...the money!

There are many ways in which to allocate your money into the categories on your budget. We recommend the **zero-based approach**, where every single cent is allocated to a category.

We also recommend creating and **reviewing your budget monthly**. While some expenses are always the same, some shift over time. You may need to add or take away common categories depending on how your life has evolved. A month provides a good amount of time for you to plan ahead while also being able to adjust the budget pretty regularly.

It is typically easy to determine what you make on a monthly basis. Once you have that number you can do zero-based budgeting. Here are some steps to get you started:

1. **Determine how much you make a month.** You do this by looking at your net worth (what actually shows up in your bank account after taxes) for the whole month. Have your monthly income reflect any take-home received during that month (gifts, bonuses, side-hustles, salary increases, 3 payday months, etc.) If you get paid weekly, multiply your net worth by four; bi-weekly by two; and if you get paid once a month, no math is needed. Once you have this amount, **write it next to your Take Home Pay in the budget template**. You will see that the “Left to allocate” automatically shows the same amount. That is because you need to plan out how you’ll spend your money!

2. On the budget template, start to fill out your expected and unchanging expenses first. This includes: rent/mortgage, utilities (which have a fixed price), any minimum payments for credit cards or loans, subscriptions, etc. Focus on the charges that happen every month and have a fixed dollar amount. All of these dollar amounts should go under the category labeled “Budgeted.” **Note: formulas are already built into the template. As you put in amounts, you’ll see the items under “Take Home Pay” start to adjust. If you double-click into a cell, you’ll be able to see the formula and duplicate it if needed.**
3. Then fill out the necessary but changing dollar amounts: groceries, gas, utilities (that don’t have a fixed price).
4. Next, take a look at the calendar for the month you’re budgeting for. Look at what you have upcoming (birthdays, travel, need new tires etc.) and research potential amounts for those. Put those in the budget.
5. If you have any money left over, add that to whatever your financial goal is for that month. That could be paying more on your debt, saving up for a house, stocking your art studio, or finally going on that solo trip/weekend getaway.
6. Take a look at the cell labeled “Category Totals” and make sure that cell and your “Take Home Pay” cell (step 1!) are the same.

You have now created your budget! **Congratulations!!** This is a pivotal moment, so take the time to feel it. What are you excited about? What are you proud of? What is going to keep you motivated to feel like this as you budget more regularly?

Take some time to put in motivational quotes, or phrases, and pictures that encourage you in the appropriate spaces in the budget template (like the “share your vision” space). Make sure to add things that remind you *why* you are doing this, and *what* you are doing this for.

## Monitoring Your Budget

Now that you have your budget, the plan is to monitor your expenses. Set aside a weekly time, maybe with your Saturday morning coffee, or your weekly wind-down glass of wine, and put in what you have spent that week in the appropriate categories.

Remember that **the first three months of budgeting is really tracking**. You’re learning your expenses and how much you spend in certain categories over time. Also, remember that each month you get to create a whole new budget! (Right-click on the “Budget” tab and select

“Move or Copy” or “Duplicate” to create another month’s budget.) So if something worked really well or not at all one month, you can keep or change it the next month.

Once the three months are up, take a look to see how much you are actually spending in each of the five Confident Categories. How do you feel about what you’re spending on each? Where do you want to spend more? Where do you want to spend less? That is where/when you should start to shift your expenses.

**We are always here to support you on this journey.** If you feel you need additional support, feel free to book a [Clarity Call](#) with your Wealth Coach, Denée Etienne, at Fun, Finances & Foolery. A Clarity Call is a one-on-one conversation where we talk through what’s going on in your financial life and what kind of support would be most helpful right now. You don’t need to prepare spreadsheets or have the right words. This is simply a space to talk things through with someone who understands money in the context of real life. Check out more at <https://www.funfinancesandfoolery.com/>.

