

How to Create a Budget: The Apogee Way

Ed Harris

Introduction

Welcome to the world of budgeting, where financial freedom meets fierce discipline. If you're tired of living paycheck to paycheck and want to take control of your financial destiny, you've come to the right place. This isn't your grandma's budgeting guide; this is the Apogee way—a no-nonsense approach to mastering your money. We'll dive deep into the trenches of your finances, and trust us, it's going to get real.

Budgeting isn't just about crunching numbers; it's about aligning your financial decisions with your overall mission in life. It's about harnessing the power of self-restraint to propel you toward your goals. Let's get started.

Understanding Your Financial Situation

Before you can conquer your budget, you need to know the battlefield. This means assessing your income and identifying your expenses like a general strategizing for war.

Assessing Income

First things first: calculate your total monthly income. This isn't just your salary; it includes every dollar that comes your way—bonuses, side hustles, freelance gigs. Use your net income (after taxes) because that's the cash you actually have to work with.

Identifying Expenses

Next, it's time to lay out your expenses. Break them down into two categories:

- **Non-Discretionary Expenses:** These are your must-haves—the rent, mortgage, insurance, and loan payments. They're the essentials that keep the lights on and the roof over your head.
 - **Discretionary Expenses:** This is where things get interesting. These are your wants—dining out, entertainment, and that fancy coffee you love. But remember, these are the first to go when it's time to tighten the belt.
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Setting Financial Goals

Now that you know your financial landscape, it's time to set your sights on the horizon. What do you want to achieve?

- **Short-term Goals:** Think of these as your immediate objectives—developing your emergency fund, saving for a killer vacation, or paying off that credit card debt.
- **Long-term Goals:** These are your big dreams—buying a house, building a retirement fund, overall financial independence, or starting a business.

Use the SMART goals framework to make your objectives crystal clear:

- **Specific:** Define exactly what you want.
 - **Measurable:** Know how you'll track your progress.
 - **Achievable:** Set realistic targets.
 - **Relevant:** Align your goals with your overall mission.
 - **Time-bound:** Set deadlines to keep you accountable.
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Choosing a Budgeting Method: The Apogee Way

Forget the cookie-cutter methods; the Apogee way is about finding what works for you and owning it. Here are some methods to consider:

- **Zero-Based Budgeting:** Every dollar has a job. You allocate every cent to expenses, savings, or debt repayment until you hit zero. It's like a financial game of Tetris—fit those pieces together perfectly.
 - **50/30/20 Rule:** This is a classic for a reason. Allocate 50% of your income to needs, 30% to wants, and 20% to savings and debt repayment. Simple, effective, and easy to remember.
 - **Envelope System:** Cash is king. Use physical envelopes for different spending categories. Once the cash is gone, it's gone. No swiping your card mindlessly here.
 - **Digital Budgeting Tools and Apps:** If you're tech-savvy, use apps like YNAB (You Need a Budget) or Quicken Simplifi to track your spending and keep your budget in check.
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Creating Your Budget

Now, let's get down to business. Here's how to create your budget like a pro:

1. **List Your Income:** Write down every source of income for the month.
2. **List Your Expenses:** Include both non-discretionary and discretionary expenses.
3. **Set Your Goals:** Determine how much you want to allocate to savings and debt repayment.
4. **Create Your Budget:** Using your chosen method, allocate your income to different categories, ensuring that your total expenses do not exceed your income.

Sample Budget Template:

Category	Amount (\$)
Income	3,000
Non-Discretionary Expenses	
- Rent/Mortgage	1,200
- Utilities	200
- Insurance	150
Discretionary Expenses	
- Groceries	300
- Transportation	150
- Entertainment	100
Savings	500
Debt Repayment	400
Total Expenses	3,000

Tracking Your Spending

You’ve got your budget, but now it’s time to track your spending like a hawk. This is where the rubber meets the road.

- **Manual Tracking:** Keep a notebook or spreadsheet to record your daily expenses. It’s old school, but it works.
- **Mobile Apps:** Use budgeting apps that automatically track your spending by linking to your bank accounts.
- **Monthly Review:** At the end of each month, review your spending. Where did you crush it? Where did you blow it? Adjust your budget accordingly.

Entering "Trench" Mode

Sometimes, you need to go into "trench" mode—a reference to the gritty, no-holds-barred warfare of WW2. This is when you get serious about your spending and make sacrifices to achieve your financial goals.

- **Know When to Be Restrictive:** If you’re saving for something big or trying to pay off debt, it’s time to tighten the reins. Cut out unnecessary expenses and focus on the essentials.
- **Create a Battle Plan:** Identify which discretionary expenses you can eliminate or reduce. Maybe it’s time to skip that weekly dinner out or cancel that subscription you never use.
- **Harness the Power of Self-Restraint:** This is where the magic happens. Self-restraint is your secret weapon. It’s about saying “no” to short-term pleasures for long-term gains. Every dollar you save in trench mode is a step closer to your mission.

As an advisor, one critical skill that I've observed in every successful family I've worked with is their remarkable ability to be disciplined and exercise self-restraint. Take, for example, the

story of Jeff and Sally, a middle-class couple who, through sheer financial discipline, amassed millions over the years. They prioritized long-term goals over short-term gratification, consistently resisting the temptation to overspend on luxury items and instead focusing on saving and investing wisely. By living below their means, they avoided lifestyle inflation and made conscious choices about their spending. They diligently contributed to their retirement accounts and set aside funds for their children's education, all while maintaining a modest lifestyle. This mindset empowered them to make choices aligned with their values and objectives, ultimately leading to financial independence. Their self-restraint strengthened their financial foundation and fostered a sense of unity and purpose within their family as they worked together toward shared goals. Jeff and Sally's journey exemplifies how discipline and self-restraint can transform a middle-class income into a legacy of wealth.

Sticking to Your Budget

Sticking to your budget can be a challenge, but here are some tips to help you maintain your edge:

- **Set Reminders:** Use your phone or calendar to set reminders for bill payments and budget reviews.
 - **Limit Impulse Purchases:** Before making a purchase, ask yourself if it aligns with your budget and financial goals. If it doesn't, walk away.
 - **Create a Buffer:** Allow flexibility in your budget to accommodate unexpected expenses without derailing your plan.
 - **Regularly Review Your Budget:** Schedule monthly check-ins to assess your progress and adjust as needed.
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Conclusion

Creating a budget isn't just about numbers; it's about taking control of your financial future. The Apogee way is about being bold, strategic, and disciplined. By understanding your financial situation, setting clear goals, choosing a budgeting method, and tracking your spending, you can conquer your finances and achieve your dreams.

Remember, budgeting is part of your overall mission. It's about aligning your financial choices with your life goals and harnessing the power of self-restraint to get there. So gear up, enter trench mode when necessary, and start budgeting today. Your financial freedom awaits!



A stylized, handwritten signature of Ed Harris in dark ink, positioned above a thin horizontal line.

Ed Harris is the Founder and CEO of Apogee Wealth Management and the driving force behind Apogee Wealth Academy, a 501(c)(3) nonprofit dedicated to financial education. With over 20 years of experience, Ed helps clients navigate complex financial landscapes and achieve their goals through a holistic approach that considers financial, emotional, and psychological aspects of financial decision-making.

Beginning his journey in ministry at age 15, Ed developed a deep commitment to uplifting others. He and his wife, Melissa, raise their five children with values centered on health and personal growth. An advocate for financial literacy, Ed actively participates in community initiatives to empower underserved populations, striving to create a world where everyone can make informed financial decisions.

apogeewealthacademy.com

248.686.1858

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