

LEFT TO ASSIGN

= \$0

BUDGETING, EXPLAINED SIMPLY

Zero-Based Budget Explained in Plain English

Every dollar gets a job. Nothing left to
guess.

6 STEPS + 4 WORKSHEETS

PDF PROFIT HUB

Read This First

A zero-based budget sounds technical. It is not. It just means one simple thing:

THE WHOLE IDEA IN ONE LINE

Income minus every planned expense, saving, and debt payment equals zero. Not because you spend it all, but because every dollar has a job, including the dollars you save.

"Zero" does not mean broke. A dollar sitting in your savings account still counts, because you gave it the job of "savings." Nothing is left unassigned.

Your 6 steps

Step	What you do
1	List your income
2	List your expenses, in order
3	Assign every dollar
4	Check that it equals zero
5	Track it through the month
6	Adjust and rebuild next month

HOW TO USE THIS GUIDE

Build your first zero-based budget with this guide open beside you. Your first one will not be perfect. That is normal. It gets easier every month.

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STEP 1

List Your Income

Your mission: know the exact amount you have to assign this month.

Use the income you can count on. If it changes month to month, use your lowest recent amount.

How to do it

- List every source: job, side income, benefits, support.
- Use the amount that lands in your account, after tax.
- If your pay changes, use your lowest normal month as your planning number.

Worksheet 1: My Monthly Income

Income source	Amount
TOTAL INCOME	

PLAIN ENGLISH

This total is the number every other step has to add up to. Nothing more, nothing less.

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STEP 2

List Your Expenses, in Order

Your mission: list what your money needs to cover, in the order it matters most.

Zero-based budgets work best when you assign money in priority order, not randomly.

The order that works

Priority	Category	Examples
1	Essentials	Housing, utilities, groceries, transport, minimum debt payments
2	Savings	Emergency fund, sinking funds, goals
3	Extra debt payoff	Anything above the minimum
4	Everything else	Fun money, subscriptions, extras

PLAIN ENGLISH

Essentials and savings come before fun money. Not because fun does not matter, but because it survives a tight month better than your rent does.

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STEP 3

Assign Every Dollar

Your mission: give each dollar of your income a category, until none are left unassigned.

This is the heart of a zero-based budget. Go category by category, in the order from Step 2, and assign an amount until your income is fully spoken for.

Worksheet 2: My Zero-Based Budget

Category	Amount	Left to assign
Housing		
Utilities		
Groceries		
Transport		
Minimum debt		
Savings		
Extra debt payoff		
Fun money		
Subscriptions		
Other		

PLAIN ENGLISH

The "left to assign" column should shrink every row, ending at zero on the last one. If it goes negative, a category needs to come down.

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STEP 4

Check That It Equals Zero

Your mission: confirm income minus assigned money equals zero.

How to do it

- Add up every amount you assigned in Step 3.
- Subtract that total from your income in Step 1.
- The result should be zero. If it is not, adjust a category until it is.

Worksheet 3: My Zero Check

	Amount
My total income	
My total assigned	
Difference (should be \$0)	

IF THE NUMBER IS NEGATIVE

You assigned more than you have. Trim fun money or subscriptions first. Essentials and savings stay put where possible.

IF THE NUMBER IS POSITIVE

You have unassigned money. Give it a job: extra debt payoff, savings, or a specific goal. Do not leave it unassigned.

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STEP 5

Track It Through the Month

Your mission: check your plan against real life, and catch problems early.

A zero-based budget is a plan, not a lock. Life will not match it exactly, and that is expected.

Your weekly check-in (10 minutes)

- ☐ Compare what I spent to what I planned, by category
- ☐ Move money between categories if one is running low
- ☐ Check for any bills coming before my next payday
- ☐ Note one thing that surprised me this week

PLAIN ENGLISH

Moving money between categories is normal and expected. It is not a failure. It is the budget working as intended.

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STEP 6

Adjust and Rebuild Next Month

Your mission: use what you learned to make next month's budget better.

A zero-based budget is rebuilt every month, from scratch, using that month's real numbers.

Your monthly reset

- Update your income for the new month.
- Review last month: where did you overspend or underspend?
- Adjust categories based on what you learned.
- Repeat Steps 1 to 4 with the new numbers.

PLAIN ENGLISH

It gets faster every month. The first one takes the longest. By month three, it is a 20-minute habit.

Common Questions

Question	Plain-English answer
Do I need an app?	No. A notebook, a spreadsheet, or the worksheets in this guide all work.
What if my income changes every month?	Use your lowest recent month to plan. Anything extra becomes a bonus for savings or debt.
Is this the same as the envelope method?	Similar idea, different tool. Zero-based budgeting assigns categories on paper or a spreadsheet. Envelopes use physical or digital cash pots.
What if I have money left at the end of the month?	That means a category was assigned too much money next time, or you have a chance to send extra to savings.
Do I need to track every purchase?	You need to check your spending against your plan regularly. Exact daily tracking helps, but is not required to succeed.

Start This Month

Build your first zero-based budget using the worksheets in this guide, this week.

Worksheet 4: My Zero-Based Budget Checklist

Step	Done?
1. Listed my income	
2. Listed my expenses in order	
3. Assigned every dollar	
4. Checked it equals zero	
5. Set up my weekly check-in	
6. Scheduled my monthly reset	

REMEMBER

Your first zero-based budget will not be perfect. It just needs to exist. You adjust it every month from here.

= \$0

Every dollar has a job now.

Build it once a month.
Adjust as you go. That is all it takes.

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