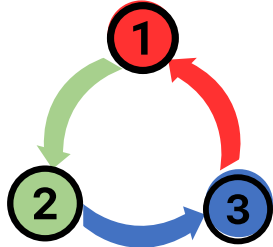


THE ZERO-BASED BUDGETING BUDGETING METHOD

Zero-Based Budgeting requires that every expense must be justified for each new period, starting from a "zero base." You distribute your income between expenses every month so that your income minus expenses equals zero.

The Method



Identify Needs:

Evaluate and justify each expense based on current needs and goals.

1

2

Allocate Funds: Allocate funds only to those expenses that are justified and necessary.

Distribute: Allocate your income between expenses so that your income minus expenses equals zero.

3



Repeat: Next month start again at zero and identify needs.

Implementation

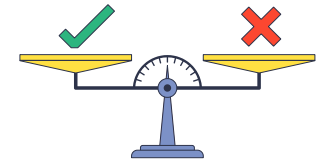


Set Clear Goals: Define clear financial goals and priorities to guide the budgeting process

Automate Tracking: Use automated expense tracking tools to simplify the process and ensure accuracy

Review Regularly: Continuously review and adjust the budget to reflect changes in priorities and financial conditions

Pros and Cons



Pros:

- Gives the clearest overview of where your money is spent
- Helps identify and eliminate unnecessary expenses, leading to cost savings
- Expenses are allocated to the most critical areas
- Allows for adjustments based on current needs rather than historical spending
- Promotes transparency in financial planning

Cons:

- Time consuming for beginners; requires time management
- May lead to short-term thinking and neglecting long-term investments
- Requires significant time and effort to evaluate and justify each expense



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