



## How Healthy is Your Housing Budget?

Rent and home prices are hitting record highs recently and many of us face challenges when it comes to affordable housing.

What's a healthy amount of your monthly budget to spend on housing?

A common rule of thumb when it comes to your housing budget is to spend no more than 30% of your gross monthly income, which is your income before taxes and other deductions are taken out of your monthly paycheck.

While certainly not a hard and fast rule, think of this ratio as a guideline to use when budgeting for housing costs.

Renters should be sure that the 30% of gross monthly income includes rent, heat, water and electricity. For homeowners, that 30% ratio includes mortgage payment and interest, insurance, property

taxes and utilities. You should still be able to manage other expenses like transportation, medical costs, groceries and other living expenses.

For many people, paychecks are being squeezed with rapidly rising prices on gas, groceries and other essentials, so it might mean it's time to take a closer look at your monthly finances. Shared here are a few tips for the health of your housing budget.

### **Check In with Your Budget**

With rising inflation, chances are your overall housing budget ratio has changed.

Take time to assess your monthly income against current expenses to review the suggested housing budget ratio. How have things changed? Do you have a realistic plan for the money that comes in each month? Be sure there is a

line item in your budget for groceries, gas, healthcare and medications, childcare, savings, and entertainment. If you haven't been following a budget, take time to create one, no matter how simple, to track your expenses so that you can go back, review, and adjust as needed.

### **Take a Look at Debt**

Many people find it hard to manage housing costs when struggling with high credit card balances or other debt. The longer you carry a high interest credit card balance, the more it takes a bite out of your available monthly income. You will save the most money by starting to pay as much extra as you can on your highest-interest debt first, and then once that's paid off, move on to your second-highest interest debt, and so on.

If you are feeling stressed by debt, exploring options such as a debt

management plan or working with a trusted financial counselor could help you reduce monthly payments and reduce the overall cost of your debt.

### Look for Ways to Reduce Expenses

To achieve a healthy housing budget, where might you be able to cut costs? You may be able to save money by doing things like planning your meals to reduce grocery bills, canceling streaming services you're not using, or reducing your electric bill by cutting energy usage.

As noted above, you may also be able to save money on your debt by finding options to lower interest rates or reduce monthly payments.

Are any major purchases on the horizon? Can you postpone major purchases like a new car or other large item? So often, when it is time to make a major purchase, it catches us off guard and we immediately turn to credit to pay for it. If your washing machine will need to be replaced in the coming months, try to set aside cash now. When the time comes to replace it, you may be able to minimize the use of credit.

### Connect with A Housing Counselor

Whether you are experiencing budget challenges as prices continue to rise, or longer-term financial challenges, a housing counselor can work with you to figure out your plan.

You don't have to go through the process alone. Housing counselors from the trusted national non-profit GreenPath Financial Wellness can help you develop a customized plan to stay in your home.

The earlier a household [reaches out to GreenPath's HUD-certified counselors](#) who can examine their entire financial picture and prepare them to manage housing payments, the better.

## The Path to Financial Wellness Starts Here [GreenPath.com/MYFPCU](https://GreenPath.com/MYFPCU)

No matter what your goals may be, our partners at GreenPath can help you to take control of your day-to-day financial choices to create more opportunities for achieving your dreams.



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Budget



Save  
More



Pay Off  
Debt



Improve  
Credit



Buy a  
House



Plan for the  
Future

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