



Budgeting and Financial Literacy for Renters Toolkit

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The ability to create and follow a budget is one of the most important aspects of maintaining housing stability. A renter or homeowner should understand clearly what costs are associated with their housing, as well as what income is available to cover those costs. Many renters and homeowners who do not have a clear understanding of their debts, income, and what they need to pay for housing could become easily overwhelmed by the seriousness of falling behind on payments. These situations are often avoidable, or at the very least lessened, with the right tools.

Overview of Financial Terminology and Concepts	3
Budgeting Basics	4
Creating a Budget	5
Prioritizing Your Budget for Housing Stability	6
Understanding Rent and Related Costs	8
Practical Applications for Building a Budget	8
Conclusion	11
References and Supplemental Resources	12

Overview of Financial Terminology and Concepts

Throughout the course of this resource, there are key financial concepts and terminology used which will prove helpful in understanding both this resource and application of it. To better understand financial concepts the following words and/or phrases will be used:

- 💡 **Financial Literacy:** Understanding how to handle personal finances wisely, including understanding financial concepts, in order to best fulfill an individual's personal, family, and global community goals.
- 💡 **Personal Budget:** An estimate of income and expenses (spending) for a set period of time (most people use monthly budgets for personal finances).
- 💡 **Debt:** Something owed or due (in this case, money) by one party to another. Debt is something accrued if a person owes but has not paid (for example, rent), or a person can have debt because they purchased something with a credit card or a loan and must now pay back that debt.
- 💡 **Income:** Money received, especially on a regular basis (weekly, biweekly monthly) from wages/salary/tips (work at a job), through investments, or cash/public assistance programs.
- 💡 **Expenses:** Costs incurred on a daily, weekly, or monthly basis to maintain a person's lifestyle and meet their basic needs (i.e. food, rent, clothing, utilities expenses).
- 💡 **Delinquency:** Related to debt, being in delinquency or being financially delinquent means being past due on debt. Delinquency usually occurs as soon as a borrower misses a payment on a loan or credit card. This can negatively affect a person's credit score.
- 💡 **Late fees:** Late fees can incur on a variety of expenses and usually are either a set amount or a percentage of the total owed. For example, there may be a late fee on rent which is 10% of the monthly rent payment if rent is not paid by the first of the month, which is then owed in addition to the monthly rent payment.
- 💡 **Credit and Credit history:** A record of your borrowing history found in a person's credit reports. Good credit (a score between 690 and 719) makes it easier to borrow money and will likely give a person better terms, such as lower interest rates, on financial products. A person can build their credit over time with some tried-and-true practices, such as paying bills on time every month and using 30% or less of the total credit available to them.

For additional financial concepts and terminology, please check out these resources:

- [Free Experian Credit Report and FICO® Score](#)
- [Freddie Mac CreditSmart® Essentials](#)
- [How To Establish Credit | 6 Ways To Build a Credit Score](#)
- [Learn about your credit report and how to get a copy](#) (USAGov)
- [Credit reports and scores](#) (Consumer Financial Protection Bureau)

Budgeting Basics

Understanding Income vs. Expenses

When creating a budget, there are several things you will want to consider. You want to consider your income versus your expenses. If your income is more than your expenses, you are looking good! This is a great situation to be in. It is even better if this includes any money you are able to save, that is even better! If your expenses are more than your income, then it could prove challenging and creating a budget to balance income vs. expenses is critical.

- **Income = Money coming into the household, being earned**
- **Expenses = Money going out of the household, being spent, including savings**

Know Your Monthly Income





A very important aspect of creating a budget that is personalized to you is knowing what your monthly income is. How to determine this depends on how you are paid; is it annually, weekly, monthly, twice a month? Below is a little bit of math to determine what your actual monthly income is. Remember, if you are paid weekly, you cannot just multiply your weekly check by four. There are not always four weeks in a month so you will not get an accurate number. There are 52 weeks or 12 months in a year. You will need to find out how much you make a year and then divide that by 12 to get an accurate number.

- **Annual = Income/12**
- **Hourly = Hourly Rate x Hours x 52/12**
- **Weekly = Income x 52/12**
- **Twice a month = Income x 26/12**

Helpful Technology Tools for Budgeting (apps, spreadsheets, etc.)

When you first start developing a budget, it may seem like a very large and scary task. While you are able to simply use a notebook and write down your income and expenses each month there are many tools you can use that help you budget and track your monthly expenses.

Budgeting Apps: Let technology lend a hand. Budgeting apps can help you track your spending, categorize expenses, and stay on top of your financial goals. Look around for one that you like the best and has features that help you the most. While we don't recommend or endorse any particular app, below are some examples that you can access from your phone. Use whichever one best fits your situation and style:

 EveryDollar  GoodBudget  Rocket Money  PocketGuard

Here are examples of budget sheets you can use:

- [Simple Monthly Bills Planner](#)
- [Budget Spreadsheet](#)

Creating a Budget

Now that we've covered some of the basics, let's jump into the details of creating your own budget. Most people are paid weekly, biweekly, or monthly — and most of our bills are due on a monthly basis, so creating a monthly budget is the best place to start.

The Importance of Personalizing Your Budget

You want to make a budget that is personalized to you, your family, and your needs. You want to include things that you know you are spending money on. If you do not have a gas bill or pay for car insurance, you will not include those. You will also want to identify your "wants" and your "needs."

- **Needs** are expenses that you need in order to maintain housing, health, or stability. These are things like rent, electricity, insurance.
- **Wants** are expenses that you spend money on because it brings you enjoyment. These are things like cable TV, streaming services (like Netflix), eating out, etc. Make sure your "needs" are taken care of in your budget before your "wants."

WHAT TO INCLUDE IN A BUDGET



Rent



Groceries (food, cleaning supplies, toiletries)



Utilities (electricity, gas, water, trash, internet)



Gas (car)



Insurance (health, car, renters)



Parking



Car Maintenance



Car Payment



School Costs



Entertainment (streaming, eating out, movies, etc)



Clothing



Savings



Any other expenses

Making Adjustments to Balance Your Budget

To "balance" a budget means to create a spending plan where your expenses are less than your income. If your budget is not balanced, or your expenses are higher than your income, you may want to limit or eliminate some of your "wants" vs. "needs." This can include no longer eating out, canceling streaming services or cable, packing lunch, etc. While you won't be able to eliminate your "needs" you can reduce some of them. You can reduce your electric or water bills by using less electricity or water. Turn off lights, take a shorter shower. You can limit how often you buy new clothes or go to secondhand stores. Sticking to grocery lists can limit impulsive purchases.

Other ways to save on housing costs include:

- Turn off lights
- Lower A/C or heat
- Open windows
- Close blinds
- Limit water usage
- Insulate windows with plastic
- Have friends help you move

If the budget continues to show higher expenses vs. income, it may be worth considering additional income streams such as taking on additional shifts at work, looking for new employment, an additional eligible adult working to contribute to the overall income and/or looking at other cost reducing measures such as more affordable housing, car payments, etc.

Identify Expenses (Fixed vs. Variable Costs)

Some of your expenses will be the same every month while others will change. These are known as “fixed” and “variable” expenses.

- **Fixed expenses** are reoccurring expenses like rent, insurance, internet, cable, etc. These things usually do not change from month to month. You can easily determine how much you will spend on these each month.
- **Variable expenses** are a little harder to determine. These are things like your electric bill, groceries, clothes, gas for your car. These change each month based on how much you use or spend. If you use more electricity, your electric bill will be higher. If you use less electricity, your electric bill will be lower.

You can take actions to make your variable expenses seem more like a fixed expense. Once you have paid an electric bill, for example, for a few months, you can safely estimate how much you will spend a month on that expense. You can use this number in your personal budget. Remember, try to overestimate your expenses when creating a budget. This will ensure that you are never over budget.

Practice Makes Perfect

The first time you create a budget it may not look the best, or you may forget to add some expenses or figure out your income incorrectly. Don’t be discouraged — practice makes perfect. The more you look at your budget and the more you focus on it and write it out each month the easier and better it will be.

Prioritizing Your Budget for Housing Stability

SCENARIOS AND EXAMPLES

A successful aspect of budgeting is prioritization on which bills to pay and when. The following section will walk through various scenarios as examples of prioritization. Remember, each individual’s finances are unique. However, there are critical expenses to prioritize paying to assist in housing stability and avoid additional expenses such as late fees. Consider using this Refugee Housing Solutions budget to help keep track of late fees, current fines on your accounts and which bills to pay first.

All guidance in this toolkit is only a recommendation-at the end of the day, you know your financial situation best and should make adjustments according to your needs.

EXAMPLE 1: PRIORITIZING WHICH BILLS TO PAY FIRST

I have so many bills to pay. How do I know which one to pay first every month?

First, it’s important to organize your budget — you need to know what bills you have to pay and when they are due every month.

You can use a table like this (or the simplified monthly bills template attached at the end of the toolkit):

Due Date	Bill	Amount
1/5/25	Rent	\$1,500
1/22/25	Phone	\$50.99

Once you have an idea for when your bills are due, one easy way to decide how to pay is to pay the bill first that is due soonest (in this example, that would be your rent payment).

EXAMPLE 2: PRIORITIZING BILL PAYING WITH AVAILABLE INCOME

I know when my bills are due, but I don't have enough money to pay them all on time this month. What bills should I prioritize paying with the money I do have?

Look at the terms and conditions of your bills and find out what late penalties are; how much are fines and fees for each bill if you pay late? You can add this information to your table.

Due Date	Bill	Amount	Late Fee	Current Late Fees on Account
1/5/25	Rent	\$1,500	10% (\$150)	\$150
1/22/25	Phone	\$50.99	\$5	\$0

Prioritize paying the bills that have the biggest late fee or that you already have late fees accrued on. Too many late fees can lead to services being shut off (like phone or water) or an eviction notice (rent payment). In the example table above, you would pay your rent first since the late fee is a lot of money, and you already have a current late fee on the account.

- Some services will simply shut off if you don't pay for it on time. Make sure you know the rules of all the services you pay for.
- During certain months of the year, there may be special restrictions about heating services in your state. Some states do not allow companies to shut off your utilities during very cold months or when it is dangerously hot outside, even if you are unable to pay.
 - [Check here](#) for your state's "Disconnect Policies."

EXAMPLE 3: ACCESSING UTILITY PROGRAMS FOR "BUDGETED BILLING"

My heat and electric bill are not always the same amount — one month will be more expensive than the next month. This makes it hard for me to budget. What can I do?

- Check with your utility provider to see if they have a "budgeted billing" option that you can qualify for. This type of program will charge you an "average" amount every month instead of the actual usage. This makes it easier to budget and know ahead of time how much you need to pay.
 - These programs usually have an income eligibility requirement.
- Other tips for cost savings with utilities:
 - Some utility companies also have programs that can waive or reduce any security deposit that you pay when you sign up. These programs also usually have income-based eligibility requirements.
 - Some utility companies have programs that will provide you with energy-efficient products (like lightbulbs) and tips on how to reduce energy use in your home so that your bill is lower.

Understanding Rent and Related Costs

Understanding housing-related costs is critical to budgeting. Often, when it comes to rent- and housing-related costs, some expenses like rent are fixed, while others (like your utility bills for your housing) are variable. However, we recommend considering most housing-related expenses as “needs” rather than “wants” on your budget. These expenses can include the following:

Expense	Fixed/Variable	Frequency
Rent	Fixed	Monthly
Electricity	Variable	Monthly
Gas	Variable	Monthly
Internet	Fixed	Monthly
Water	Variable	Quarterly/Monthly
Trash	Fixed	Monthly
Oil (Heat)	Variable	Seasonal
Pest Control	Variable	When Needed
Renter’s Insurance	Fixed	Annual/Monthly

It is important to budget for unexpected expenses such as repairs to the home or supplies like light bulbs that you don’t spend money on every month.

- Repairs when things break (windows, appliances, plumbing)
- Light bulbs, smoke/CO2 detector batteries

While rent is a fixed expense, depending on what your lease and local laws say, rent can go up. It is important to factor these increases in living and rental expenses into your budget.

- Rent can go up between any lease term.
- Local/state rules determine how much rent can be increased each year.

Practical Applications for Building a Budget

Budgeting is a lot of work. I’m sure you’ve asked yourself, “I’ve been doing this for a while and I always seem to have money at the end of the month and all my bills get paid — why should I do this?” Budgeting is not just about making sure all of your bills are paid. It is also about being able to save, for both emergencies and fun things, as well as maintaining and developing good credit and getting or staying out of debt.

In the United States, credit is how lenders determine if someone is worthy or safe to lend money to. This can determine if you are eligible to buy a car or a house, go to school, be approved for an apartment, or even a job. It is essential to establish and maintain a good credit score. You establish credit and maintain a good score by paying your bills on time and in full. This is something budgeting helps you accomplish.

Saving money is also essential to thrive in the United States. While we want to make sure that we can pay all of our bills, saving money each month will help us plan for our long-term future. This can mean planning for emergencies, like a car repair or medical bill, or for something fun like a vacation, or paying for college and buying a home.

Managing Debt and Credit

The importance of building credit history cannot be understated. Solid credit, contained within a credit report and reflected in your credit score, demonstrates your financial responsibility. It affects your ability to:

- Secure a home (rent or buy), as well as car and educational loans
- Qualify for a credit card
- Obtain lower interest rates on loans
- Receive favorable rates on insurance policies
- In some cases, get hired for a job

Credit Score: 300-850

Your credit score is a simple number that lenders use to determine if you have good or bad credit. It can range from as low as 300 all the way up to 850. 700 is considered a very good credit score. Your credit score impacts how much money you can borrow and what interest rate you are eligible for.

Credit Report

Your credit report shows all of your accounts including your utilities and credit cards. It shows what accounts you pay late on and which ones you pay on time. You can see if any accounts are in “collections” which is when you have not paid what is owed and the company sends to someone to collect on.

- Check your credit report [here](#).

Paying down debt or money that you owe to someone (like a company) while renting is just as important as — and can help — develop good credit. Pay attention to these tips:

- **High-Interest Loans:** Stay away from those high-interest loans like payday loans and credit cards with sky-high rates. They can make your debt situation worse.
Someone who borrows \$100,000 dollars at 8% interest will end up paying \$8,000 dollars extra over the course of the loan, while someone who borrows at 4% will pay \$4,000 dollars extra. Choosing a loan with a lower interest percentage is a safer choice.
- **Minimum Payments:** Don't just make the minimum payments on your debts. Pay more whenever you can to pay off your debt faster and save on interest.
- **Borrow Wisely:** If you need to borrow money, make sure you understand the loan terms and only borrow what you absolutely need.
- **Shop around for a credit card with low interest rates.**
- **Set Goals:** Break down your debt repayment into smaller goals and celebrate your progress along the way.
- **Have a Plan:** A solid repayment plan is your roadmap to debt freedom. Two popular options are the snowball method (paying off the smallest debts first) and the avalanche method (tackling the debts with the highest interest rates first).
- **Debt Consolidation:** Juggling multiple debts? Debt consolidation might be worth considering. It combines your debts into a single loan, potentially with a lower interest rate.

Saving for the Future

One way to secure self-sufficiency and flourish in the United States is to save for the future. You should have three separate accounts: one for your bills, one for emergencies, and one for large purchases.

- It is recommended to have 3-6 months of expenses saved up in case of unexpected expenses or unemployment. If you have the option to do direct deposit, talk to your employer about having 5-10% of your paycheck sent directly to a savings account. Make sure you're covering your "needs" like rent and utilities before putting anything into savings.
- Some banks and financial advisors recommend the 50/20/30 rule as a helpful guide: 50% of your income for essentials, 20% for savings and debt repayment, and 30% for the fun stuff.
- Building an emergency or savings fund is essential to good budgeting and housing stability, as well as supporting future goals.
- Unexpected expenses can come out of nowhere. These expenses can include home or car repairs, rental increases, medical bills, etc. These can be large expenses that, if charged to a credit card, can cause you to pay a much larger amount due to the interest.
- A sudden non-renewal can result in having to pay a new security deposit or being asked to help with needed repairs on the property; having money saved will help alleviate the burden of paying for these expenses.
- Large purchases or lifestyle goals can include anything from a fun vacation to buying a home or going to college. These things are very expensive but not out of reach if you plan ahead and save what you need.

Financial Resources and Support

- Local nonprofits offering financial literacy and support

» **Search Refugee Housing Solution's [Housing Hub and Directory](#)**

The Housing Directory is a central database of housing support services and resources for different locations. It helps refugees and other people involved in resettlement find important local housing information. Click on your state to find housing services and other valuable resources specific to your state.

» **Local HUD Housing Counseling Agencies**

HUD Housing Counseling provides debt and credit counseling. They can teach you further on how to budget, develop and maintain credit, and how to pay off debts.

Legitimate Housing Counseling will not charge a fee for debt or housing counseling.

[Find an agency near you](#)

- There are also government programs that assist with rent, housing and financial counseling, as well as other supportive services. You will have to search to see what kind of assistance your local housing authorities, local nonprofits, and government offer. Each program will have its own unique process and ways of deciding if you are eligible.

- Accessing affordable housing programs can be a difficult process. You must apply for assistance through your local housing authority. There will most likely be a long wait list, but do not let that discourage you from applying. Getting on the wait list is better than not being there at all. This type of housing has income restrictions attached.
- » **Section 8 HCV** is a type of voucher that goes with you. You are responsible for finding suitable housing for yourself and your family. The home must match the outline of the voucher. Landlords must be willing to work with you and the housing authority, following all its rules.
- » **Subsidized Housing Complex's/Units:** These types of units are below market rate, and the subsidy is attached to the unit. If you move out, then the subsidy will not follow you. You will need to apply to the specific apartment complex that you wish to live in. Each will have its own tenant selection process and income restrictions.

Conclusion

Learning how to budget well can make a huge difference in your ability to pay your bills on time every month and save for the future. This toolkit covers the essentials for getting started, but budgeting takes practice. Don't be discouraged! Use this toolkit as a reference as you work toward improving your budget and seek out financial literacy programs, and remember these tips:

1

Prioritize paying rent and other bills first.

REMEMBER:
Needs over Wants

2

Prioritize paying down debt and have a plan to do so while staying current on other bills.

3

Save for emergencies.
Aim for 3-6 months of expenses.

4

Review and/or redo your budget every month.
Practice makes perfect!

References and Supplemental Resources

1. Financial Literacy

- [Financial Literacy](#) (American Library Association)
- [Glossary: Income](#) (Census.gov)

2. Credit

- [What is Credit?](#) (NerdWallet)
- [Understanding the Importance of Financial Wellness: Building Credit](#) (1st United Credit Union)
- [Annual Credit Report.com](#)
- [Free Experian Credit Report and FICO® Score](#)
- [Freddie Mac CreditSmart® Essentials](#)
- [How To Establish Credit | 6 Ways To Build a Credit Score](#) (Members1st.com)
- [Learn about your credit report and how to get a copy](#) (USAGov)
- [Credit reports and scores](#) (Consumer Financial Protection Bureau)

3. Debt and Delinquency

- [Terms: Delinquent](#) (Investopedia)
- [Terms: Debt](#) (Investopedia)
- [Conquer Debt While Renting](#) (Homebody)

4. Budgeting Resources

- [Budget Spreadsheet](#)
- [Simple Monthly Bills Planner – Budget](#) (Refugee Housing Solutions)
- [Monthly Bills Planner – Prioritizing Housing](#) (Refugee Housing Solutions)
- [7 Best Absolutely Free Budgeting Apps for 2025](#) (WalletHacks.com)
- [The Best Budget Apps for 2025](#) (NerdWallet)

5. Finding Help

- [Housing Hub and Directory](#) (Refugee Housing Solutions)
- [HUD Housing Counseling](#)
- [Disconnect Policies](#) (The LIHEAP Clearinghouse)



www.refugeehousing.org

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