

Benefits of Budgeting

If you budget your money and live within your budget, you will be much more likely to:



- ❖ Avoid excessive debt.
- ❖ Build emergency and long-term savings accounts.
- ❖ Take care of financial priorities such as housing, food, and transportation, rather than disproportionate spending on entertainment and dining out.
- ❖ Establish regular investing habits in preparation for retirement.
- ❖ Feel in control of your finances.
- ❖ Understand your personal spending habits and eliminate wasteful expenditures.
- ❖ Be in a position to take advantage of financial opportunities, whether it's for something on sale at the store or a chance to greatly improve your investment portfolio.
- ❖ Prevent many of the arguments spouses have with regards to spending and finances.
- ❖ Make more than monthly minimum payments to credit accounts, including credit cards, mortgage, and auto loans.



www.DebtReductionServices.org



Personal and Household Budgeting



Budgeting 101

The Myths and Realities of Budgeting

There are a number of reasons why many of us do not create or live by a budget. Many of these reasons are based upon false assumptions, or myths. The following are a few such myths and their corresponding realities that may help us overcome our own resistance to budgeting.

Myth	Reality
If I just had more money, all my problems would be solved.	Actually, spending less than I earn may solve MANY of my MONEY problems.
Budgeting is for people who are in debt.	Budgets are for anyone seeking to stabilize their finances and build wealth.
If I balance my checkbook, that's as good as budgeting.	The checkbook can't help me prepare for unexpected expenses like car repairs or doctor visits. Budgets can!
Following a budget inhibits my freedom of choice.	Following a budget increases the likelihood that I'll take care of my financial priorities first, such as housing, food, savings and transportation.

If you identify with one or more of the above myths, then make a personal decision to implement the "realities" into your thoughts. If you still have difficulty budgeting, remember this:

If you don't control your money, then your money will control you.

Budgeting 102

Steps to Making a Monthly Budget

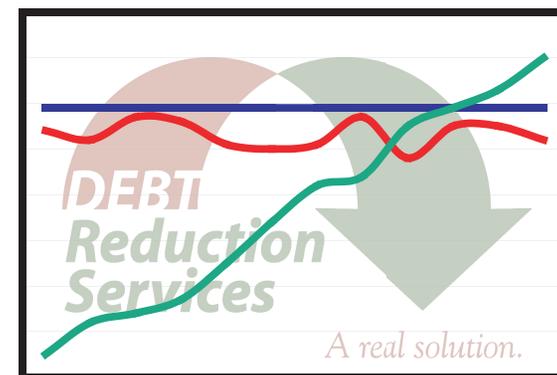
For many, monthly budgeting appears to be a complicated task – too overwhelming even to attempt. Below you'll find a step-by-step description of how to make a budget you can live with:

1. Be honest. Don't try to make your budget "look good." The budget is for you, so be honest with yourself.
2. Set 3-5 financial goals and priorities you hope to achieve, e.g. make a 10% down payment on a home in 5 years.
3. List your expected income for the coming month.
4. Estimate your expenses for the coming month, including fixed and variable expenses, and keeping in mind infrequent items such as oil changes and car licensing fees. Try to categorize them into 5-10 groups.
5. Keep track of your actual spending, even if it's just 89¢ for a pack of gum. Enter what you spend under each categorized group from step 4.
6. Identify your "Budget Busters" – habits and expenses for small items that have a big impact on your spending. Examples include daily coffee, cable TV, eating out, and other personal habits.
7. Set goals on how to bring these budget busters under control.
8. Compare your actual spending with your projected (budgeted) spending. Consider adjusting either your budget or – more difficult but more effective – your spending habits and/or your lifestyle.

More Information

Contact the Education Director at Debt Reduction Services to learn of *Budgeting* seminars scheduled in your area: (208) 378 0200 x 906.

When you spend (**red line**) even just a little less than you earn (**blue line**), over time the amount of money available for debt elimination or wealth building (**green line**) can increase dramatically.



Check out these links to more information on personal and household finances:

- Debt Reduction Services Education Page
www.NationalFinancialEducationCenter.org
- 360 Degrees of Financial Literacy -
www.360FinancialLiteracy.org
- Bankrate - www.BankRate.com
- Federal Trade Commission – www.FTC.gov
- Jumpstart Coalition - www.jumpstart.org
- My Money (US Financial Literacy and Education Commission) - www.MyMoney.gov

For more information on how to get out and stay out of debt, contact:

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