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Do I need a Budget?

YES! That was the easiest piece I have ever written.

Many people think that having a budget means that they can not spend money on fun things. This is not true. The important thing about having a budget is to help you know what you are spending money on and to find ways to save. Everyone from the Federal government to Starbucks work with a budget. Most companies are better at sticking to the budget then the federal government. The important thing is that they have one and they try to use it.

Your budget will help you understand how and what you are spending money on. Will allow you to find better ways to pay for things, and find extra cash to use to pay off bills and start saving. Having a budget does not mean you can not spend money wants, it just helps you find better ways to pay for the things you need.

The first step is to gather all of your bills together and see what your monthly payments are. Do not forget to add things like car insurance, or other things you may not pay monthly. Add to this an amount to put into savings. Consider it an expense that must be paid each month. This will force you to put money in the bank. Also you may want to put it in an account that you can not easily get. This will discourage you from taking money from there and using it for things you do not need. The best thing to do is to see what the amount you are paying is and make it a monthly amount. After you have listed all of your expenses list next to the ones with a balance the total you owe. Using a software program can make this easier, but you can do it on a piece of paper.

The next thing to do is to list all of your income sources. List what you make from your job(s), any social security or other monthly payments. Then subtract your income from your expenses and that is what you can spend each month on extras, or use to pay down outstanding bills. Remember the less you owe the more you have to spend on things you want. So the sooner you payoff those bills the sooner you can buy things you want.

For the first year you will want to watch your budget and see how close you are staying to it. As you start to pay off your bills increase the amount you are putting into savings. This will let you accumulate money fast to spend on big ticket items you want.

Don't use credit to buy things. If you do not have the cash to buy it then don't. Put money into your savings until you have enough to pay it in full and then buy.

Consider what you are buying. Are you spending money on name brand things that you could save on buy getting the generic? It seem strange to me that when it comes to prescription drugs we all want the generic because it cost less, but we will spend extra

money on name brand paper towels. I would think that we would want the best prescriptions and what ever paper towel we can get cheaply. Also consider shopping at club stores. You can save money by buying in bulk. There is nothing wrong with getting a 24 pack of paper towels and having them for a while. They are after all just paper towels. The same is true for many other things we buy each day. Consider what you are buying and if there is a more cost effective way.

Following a budget, watching what you buy and looking for sales will help you start to save money and allow you to get out of debt so that you can begin to buy the thing you want. It will also let you find money to save for your retirement, a home purchase or even a new car. The choices are unlimited if you have a low amount of expenses.

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