

Powerful Helps In Budgeting

A budget is a powerful method of gaining control, planning, communicating and fulfilling your dreams. At the very least, a budget should allow you to find extra spending money in your paycheck every month. Everyone can successfully reap the benefits of budgeting; just take it step by step. The payoff is big. It is a great life-changing experience to get and maintain control of your finances. The effects permeate every aspect of your life.

If you are new to budgeting, don't overwhelm yourself and categorize your expenses into too many little categories. Start with a few big buckets at first, until you get the rhythm; then fine-tune your budget.

If you're a parent, make this a household activity by involving all members, making sure there is some fun in it for everyone. If you never go any further than spending some time tracking your expenses for a few weeks, at least do that. The insights you'll gain from paying attention to your habits will go a long way!

- Be patient. Consider the first three months as a test period. You may have to adjust your budgeted amounts in some categories.
- Invest or save any windfall income. At the very least, treat it with care. Example: tax refunds, dividends and bonuses.
- If you have a quarterly, semiannual or annual payment (like auto licenses, insurance or taxes), calculate how much those cost you on a monthly basis. Then save that amount each month, so when the bill arrives, it doesn't throw your budget into a tailspin.
- Don't forget to pay yourself. If possible, make sure you save something each month that can go toward an investment.
- Don't try to keep track of every penny (nickels & dimes, yes!). It will drive you and everyone else nuts.
- Make impulse buying difficult. Leave your checkbook and credit cards at home.
- Make sure you set aside some money for having fun.
- Have some fun money for each family member.
- Budget for a fun item (vacation, toy).

- Don't over-categorize (too many expense categories).
- Don't divide a couple's paychecks functionally (using her check for certain categories and his for others).
- Use an interest-bearing checking account.
- Make savings an expense item.
- Create an expense item to pay off credit-card balances.
- Pay off the highest-interest rate cards first.
- Don't use credit cards again until the balance is paid off.
- After a loan is paid off, keep paying the loan amount to yourself and make a vacation or car fund.
- Set aside money monthly for bills that are due quarterly, semi-annually or yearly.
- Reconcile your budget at least once a month when balancing your checking statement.
- Make sure to mark your last reconcile point in your budget.
- Get utilities or banks to change the due dates of bills to make your work easier.
- Remember, just the act of identifying your expenses is extremely valuable.

These simple tips on budgeting can work even for those who are very young and have little income or perhaps have only the allowance given by their parents.