

What Is a Budget?

A budget is simply a plan that you make for your money. You plan every month where your money goes, and how much you can spend on certain things. It also helps you to plan for bills that are due only once or twice a year, but only IF you save that money. So, sticking to a budget means you spend money out of your budget, not out of your account. Any money growing in the bank is ALL accounted for, and you want to leave it there so it can pay for those things in your budget. Your budget is a great tool for helping you to get out of debt.

Why Do We Avoid the Budget?

CONTROL — Let's face it. We HATE to be controlled, and a budget FEELS SO CONTROLLING! No more spontaneous purchases. No more feel-good retail therapy. But your budget isn't controlling YOU – it's letting YOU control your money! A budget lets YOU be in control, all the way down to your last cent!

FEAR — When money is tight, it can be SCARY and DISCOURAGING to look at all of your expenses in a budget. Knowing your monthly bills vs. your income will force you to form a plan, such as taking on a second job for a while, selling some stuff, or cutting unnecessary expenses.

PROCRASTINATE — Sure, there ARE a lot more fun things to do than crunching numbers in a budget! And when making a budget is emotionally hard, it's NORMAL to want to put it off. It takes real discipline and determination to get it started AND real stick-to-itiveness to keep at it. But once you get it done, you will have a lot more peace.

Why Should You Budget?

So you have money...

Let's say you have plenty of money to pay your bills. That's a great place to be! But a budget is still an important tool to use. We all have things to plan for—retirement, emergencies, a future new car, furniture we want to buy, and so on. That's just part of life. So, rather than spending all of your extra money impulsively, plan for these things in your budget.

To get rid of stress

A budget also helps remove the stress and anxiety of chaotic finances because it allows you to organize, plan, and save. And it gives you a realistic picture of what you can and cannot afford. A budget takes some of the stress and worry out of making ends meet, and it gives you back some control over your finances. No more tearing your hair out!

To secure a brighter future

A budget really will increase your chances of a happier future. When you budget, you are able to plan for those things you want and get them without the stress and guilt of credit card debt. Budgeting compounds over time, and the result is a financial life that is at peace and wholly sound.

Getting Started

The cool thing about doing a budget is that it is easy to create. Just go to your phone and download a budgeting app. The highest-rated budgeting app is Mint, but there are many others you can choose from. Once you get started in the app, it will guide you through the process of making a budget. But the basics are all the same. Each month you have bills—and you should save enough money to pay the bills. Any of the following are worth checking out. Spend some time with them, and choose the one that fits you the best:

- **Mint:** The leading money app that integrates with many banks and credit card companies to track your spending as well as help you pay bills and watch your credit.
- **Pocket Guard:** A simple app that really helps you know if you have any money to spend by looking at your budget versus your available funds.
- **Wally:** Helps to balance your income and expenses and then understand where your money goes. It also helps with saving.
- **Level Money:** Will automatically look at what you are spending and remind you if you are going outside your budget.
- **Good Budget:** Provides a type of “envelope” system that allows you to put a certain amount of money into different expenses.

Putting It All Together

Here are a few things to remember about your budget:

- Keep it simple.
- Live out of your budget, NOT your checking account. Don't buy it until you have it in the budget.
- Don't get discouraged if you blow the budget. If you do, then just begin again. Working within a budget becomes a habit over time. But it takes practice to get there.
- Save for your future big purchases by putting them in the budget. You will enjoy them a whole lot more if you don't have debt hanging over your head after your purchase.

Resources:

1. O'Shea, Bev, and Lauren Schwahn. "Your Guide to How to Budget Money." NerdWallet, Nerd Wallet, Inc., 17 Dec. 2021, www.nerdwallet.com/article/finance/how-to-budget.