Creating budgets that work

Many dismiss the idea of creating a budget. They feel it's like a chore and that it takes too much effort. While it does take a little time, putting that time aside and developing a simple, yet effective, budget can save you a great deal of pain and stress later on.

Let's take a look at budgets and figure out what should be included to ensure your monthly expenses are accounted for and you can begin saving for your future.

Determine your take home pay.
In order to make an accurate budget you will use, determine your monthly household income. This should be your net income, not your gross income. After all, you only want to work with money you actually receive from your paycheck.

Write down all your expenses (not amounts; just the item/service you spend money on).
You can use a pen and paper, or sit down at your computer and make a list of everything you pay for on a monthly basis. The amounts don't matter yet. Make the list and be honest. If you "forget" to write anything down, your budget won't work. Financial Strength Builder™ has tools and worksheets to help you track your spending.

Calculate totals.
After you are confident that you have all your expenses written down, begin filling in the blanks with the actual amounts you pay out. One rule is to make sure the amounts are completely accurate. You shouldn't guess at this part. Grab your bills from previous months and write down the real totals.

Review.
When your budget has been created and the totals have been filled in, review everything you wrote down. Don't make any changes, just review. Do you find that you are spending more each month than you're bringing in? Did you have any "uh-oh" moments where you discovered areas that you could cut back on? If you are having any thoughts when reviewing your budget, then you're making progress.

Make realistic changes.
If your expenses outweigh your income, where can you cut-back? Are you paying too much for cable? Have

you gone to the movies one too many times? Remember to be realistic about what you change. If your rent is $1,567.45 per month, don't change it to $1,500.00. Only change things that are within your control to change and that you and your family are willing to give up and live without for the time being.

Keep it handy.

The final step in using the budget is to keep it handy at all times. Do not leave your house without at least reviewing it. You will likely find that living within your means and sticking to the budget you created will make you feel fantastic! Creating and sticking to a budget is a huge accomplishment that you will be proud to have achieved. Your determination in achieving financial strength will keep you motivated to manage a budget that works for you.