



Living on a Budget

In today's economic recession, now is a good time to sit down, craft a budget and—even when the economy improves—*stick to it*. According to a recent *USA Today* poll, 60 percent of those surveyed said the current economic crisis is the worst in their lifetimes. Eventually the economy will bounce back, but meantime the lessons we learn from our budgeting exercise will serve us for a lifetime.

When it comes to money, there are basically four groups of people. Which of the following groups best describes you when it comes to your financial situation?

- **Planners** have control of their financial affairs.
- **Strugglers** have trouble keeping their heads above tough financial waters.
- **Deniers** refuse to see they are in financial trouble.
- **Impulsives** want immediate gratification: "Spend today, and let tomorrow take of itself."

Regardless of your current financial situation, a budget will help you understand where your money goes each month and can help ensure that you don't spend more than you make.

The first step is to calculate your monthly income, then determine how much you spend on monthly bills and, finally, track your daily expenses. As you begin to craft your budget, keep a list of your regular monthly expenses, such as mortgage or rent payments, car payment, utilities, food, gas and credit card payments. Set aside some money each month to cover miscellaneous expenditures such as appliance repair, car repair, clothes and entertainment expenses.

You might also set aside some money for holiday gift-buying. It is much easier to save a little now for those gift purchases later, rather than to wait and put all of the charges on a credit card in December.

Finally, keep in mind that financial experts advise keeping at least three months' worth of living expenses stashed away for the proverbial rainy day.

For one full month, carry a notebook with you and write down every penny you spend, from buying a pack of gum to going out to dinner. At the end of the month, review your spending to see which items are priorities vs. where you can cut back.

We are never too young or too old to budget and save.

- **Children** learn by example. When dealing with your younger children, take them with you to your trusted bank, and help them open savings accounts.
- For your **teenagers**, help them determine a weekly or monthly spending plan, and let them pay some of their expenses.
- **College age and young adults** should craft a budget leaning toward fulfilling their goals and dreams, whether they want to buy a house or start a business.
- **Newlyweds** need to establish a budget in order to start their household on financially solid ground. Prior to the wedding, couples should attend financial counseling and candidly discuss any outstanding debt they may have from student loans or credit cards.
- At **mid-life**, your budget needs to include saving money for your children's college education and for your retirement.
- For those of you looking at **retirement**, begin to eliminate your debt, and determine where your living expenses will come from during retirement, so you will not live in fear of running out of money.

The Internet offers volumes of resources to help you craft your budget. Budgeting does not have to be difficult, and is worth the effort to help us realize our financial goals and dreams.

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