



What's the best way to create and manage a budget?

In budget planning, you must work from the premise that **expenses greater than your income are bad and expenses less than your income are good**. Tougher than it sounds, right? The fact remains that some debt is good like home and college savings, and some debt is bad, such as carrying large balances on quickly consumed items like food and vacations.

The world's easiest budget has two rules 1) Do not spend more than you earn – carrying a balance on a credit card is **not allowed** and 2) Money must go to budget categories as soon as you get paid. We recommend the **zero-sum budget**. In it, you **'give every dollar a name'** or a way to **spend your monthly income on paper, on purpose, before the month begins**.

Make a **gameplan** for your money on paper for the next upcoming month. The first step after that is to **define limits**. Its hard, but finding your 'problem spending' areas and learning how much you really spend in them can help you set limits. Then, **make decisions**. How much are you going to spend on gas? On groceries? **Overfund** 'needs' areas like these. While it might seem painful to set spending limits in areas like **entertainment**, many people actually **feel more freedom** when they successfully budget their money, often 'finding' more money after creating an achievable budget and sticking to it.

Some crucial tips we've found make a big impact on budgets:

- It may take **three to four months** to get the **process down**.
- Allocate **every dime to a section of the budget** before the month begins.
- Be sure to **budget for fun stuff**. Budgets mostly fail when you don't have specific amounts put aside for things like clothes, movies, and nights on the town. Without defined amounts for these categories, you might find it hard to stick within your goals.
- Include **expenses that don't occur on a monthly basis**. Auto maintenance, property taxes, service contracts, etc.
- **Track your cash**. Untracked cash spending can be the downfall of any well planned budget.
- Make it **worthwhile and fun**. Budgets start to fail when it becomes too much of a chore. Websites like **mint.com** can make the budget planning process much easier.

A budget can make a huge impact on your saving. Remember that a little planning and discipline can go a long way! To learn more about long term financial planning, contact your Relationship Manager at DeWaay – 515.224.9861 or toll free 800.722.9861.

Sources: <http://www.christianpf.com/how-to-make-a-budget/> & <http://financialplan.about.com/cs/budgeting/a/GoodBudget.htm>
http://www.daveramsey.com/article/do-your-dollars-have-names/lifeandmoney_budgeting/