

Budgeting Tips That You Can Put to Use Today

(今日から使える節約術)

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We often label people as being "afraid of commitment."
Although, this label is generally reserved for those adverse to meaningful and lasting intimate relationships,
I think that this cliché may better describe those who are thinking of going on a household budget.
Let's be honest, committing to a budget can be one of the more difficult commitments a person makes.
For many of us - it is down right scary.

In the quest to budget, the first step is to account for how you are currently spending your money every month and then group these expenditures.
Why is this so tough?
It may be we simply don't want to be accountable for the way we spend our money.
It can feel eerily like your spouse asking for an accounting of how you spent your day -
you almost want to blurt out "I am an adult I don't have to show you what I do."

However, if you are going to be successful with your budget you have to start by facing the music and categorizing your spending habits.
For instance, last week I stopped for "refreshment" at 3 gas stations, ate out for 3 meals, and went grocery shopping one time.
All seven of these expenditures could be tallied and labeled "food expenses."
(You might not like seeing how much money you are spending on food!)

Every budget will have a different set of "expenditure groups".
This is good news; just because your practicing some money management, this does not mean your losing control of where you spend your money, in fact the effect is quite the opposite.

So, after you have identified your expenditure groups and tallied the money currently being spent in each group, you should next determine the percentage of your household income represented by each grouping.
For instance, you may find you are spending 30% of your gross income on rent/mortgage, 15% on food, 0% towards savings, 12% on utilities, 10% towards donations, 10% on healthcare, 5% on auto expenses, and 25% on miscellaneous.
Uh oh, the problem here is that the total (107%) exceeds 100%, which means your going into debt.
Step three, once the results have been established -
it is time to adjust the percentages to represent numbers totaling no more than 100%,

that help you achieve your financing goals. A.K.A. your budget.

Once you have a budget plan, you should consider household budgeting software

to help track your spending and your budgeting results.

Many people have found a household budget can be effectively managed using an envelope budgeting program.

This type of household budgeting software allows you to set up your "expenditure groupings" as envelopes.

The idea is to allocate an amount of money (equal to your percentage calculated earlier) to each envelope,

and when that envelope is out of money - you stop spending!

The user-friendly feature of the software is that you do not have to collect receipts and spend hours

at the computer entering and categorizing all of your transactions.

The online budgeting software does this for you because it automatically links electronically

to all of your financial accounts (bank accounts, credit cards, etc.)

Each time you spend money, that transaction is automatically registered to your envelope budget system.

Therefore, you always know the current status of your budget and finances! In addition,

most envelope budgeting systems offer online bill pay and internet banking which help to

save valuable time and eliminate the cost of postage.

So does this method of budgeting really work? Studies have shown that the average "envelope budgeter"

is able to save approximately 10% of their income each month.

Not sure your 'average'? Lucky for you, most of envelope budgeting software programs offer a 30 day risk-free trial.

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About the Author:

Marie Arbizio, owner of Business Know How knows what it takes for business owners to succeed.

Practicing good money management techniques while running your business, and personal finances will add to your success.