

Create and Maintain a Budget - Finance 101  
(ファイナンス初級：予算作成と実行)

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Create and Maintain a Budget - Finance 101

The first step to avoiding the troubles of financial debt is to create and maintain a budget.

It is not as intimidating as it sounds, don't worry.

First off, create a list of all your monthly income and also a list of your monthly expenses.

When determining income, list all sources including alimony, child support, side jobs, etc.

In calculating expenses, be sure to include housing, food, transportation, utilities, entertainment, etc.

To gain an accurate reflection of actual expenses, sit down each night and write down expenses,

just make sure to save receipts. Determine if your income covers all of your expenses.

If the answer is no, then some expenses need to be reduced.

Adjust expenses. If it is a small discrepancy, it may mean reducing some minor expenses

like entertainment or cell phone plan.

If the deficit is larger, you may need to downsize your vehicle or living arrangements.

If your income covers all of your expenses, you still may want to trim some of the excess fat off your spending habits.

This can free up extra money for things such as vacations or college funds for your children.

Additionally, consider if you need to add new categories.

Some areas that are often overlooked are debt reduction, emergency savings funds, and retirement savings.

An emergency fund ensures there is an adequate amount available to cover unforeseen events (car emergency, etc),

should it arise. This will eliminate the need for using credit which can quickly damage your budget.

There are several advantages to sticking to your budget.

Firstly, most people have set financial goals that they would like to reach in the future.

Sometimes it may be a trip, a brand new car, or a college education.

A budget can help people save money to make these goals a reality.

Additionally, many people are crushed under heavy consumer debt.

Without a disciplined pattern of spending, it is virtually impossible to make much headway in reducing debt.

A personal budget will provide the necessary framework to begin eliminating these inflated account balances.

If executed properly, a budget will allow a person to simultaneously meet their expenses,

place money into savings, and pay back outstanding debts.

Therefore, it is anyone's best interest to create and implement a

budget.

### Cut Back on Spending

At first it may seem difficult to limit spending and stick to a budget, however there are a few practical changes that you can make everyday that will cut your spending more than you expect.

Firstly, alter credit card behavior. Start to pay cash whenever possible. This will help you avoid making a purchase unless you actually have the money available.

If you decide to make a credit card purchase, be prepared to pay the balance off monthly.

This will save a lot of money through avoiding interest charges.

If you already have a credit card balance, then transfer to a card with a low interest rate.

Also, find a card that does not charge an annual fee. Another tip is to pack your lunch everyday.

All of those lunch hours spent at restaurants will add up.

Bringing your own lunch can save you several dollars every day, which will add up over time.

Use your cell phone during off peak hours. Some people will spend a couple hundred dollars a month on phone charges.

Avoid this by making most calls during off peak times.

Check with your service and plan to find out when you have cheaper or unlimited calls.

Stop throwing away the Sunday newspaper before skimming through the advertisements.

Clip some of those coupons and check out the sales.

This may seem tedious, but the savings are often worth it. Many stores will double or triple the amount of the coupon.

This technique can save you up to 20 or 30 dollars each time you head to the food store.

Additionally, refinance. Mortgage rates have been extremely low over the past year.

This has been a great opportunity to reduce the monthly house payment significantly.

If you are planning to have your house paid off prior to retirement, then you may want to factor this in before refinancing.

Finally, bundle your insurance.

Many insurance companies will offer their customers lower rates if they purchase multiple policies.

For instance, some people use the same agent for multiple cars, and others combine their cars and house.

Always keep in mind that a dollar here and there really begins to add up.

Avoid the temptation of thinking that changing your spending habits wouldn't save that much money.

Start Saving!

So you are loaded down with bills to pay each month and are wondering how you can begin a savings account

for emergencies and other high-expense endeavors.  
In other words, where can you find that extra cash to put away for later?

Firstly, when configuring your budget, plan for your savings first. You will grow richer each month if you begin to pay yourself first. Before paying any bills, decide on a set amount that you will pay yourself first maybe five or ten percent or whatever you decide of your paycheck. Then, deposit the amount into a savings account before paying any bills.

When you do this at the beginning of the month, your entire paycheck will not suddenly slip through your fingers.

If you wait until the end of the month, there may be nothing left to save.

Paying yourself first will give you a systematic way to make your money grow.

Regardless of your profession or your income, this system will work if you stick to it.

Another technique you may try for saving money is to empty your extra change into a coffee can or a jar each day.

At the end of the month, roll the coins and put them into your savings account.

You may be able to save 30 or 40 dollars each month just with your spare change.

Remember that good money management is more than just a mathematical formula.

It is too closely tied with the ups and downs of living to be just that. Your money management plan is always subject to change if your life situation changes.

The object of a good budget is to make your money go the farthest in helping you reach your goals,

it is not there to force you to abide by rules.

Don't get discouraged if the budget plan doesn't work perfectly right away.

It may involve some revising and editing until it fits your needs.

Then, make sure to review it often, and be sure it is making the best use of every penny!

Because we know how helpful those spare pennies can be!

**Avoid Spending Pitfalls!** With all the advantages that are evident from personal budgeting,

it is no wonder that more and more people are relying on them to reduce debts and increase their savings.

However, all budgeters need to be careful to avoid some common pitfalls that appear often.

Credit cards may seem like small pieces of plastic, however they can cause a great deal of trouble for the owners.

It is common for people to make unwise purchases, which they would have avoided otherwise, because they had the credit card in their wallet.

The best solution for many people is simply to get rid of credit cards and begin paying only by cash,

check, or debit cards.

You may want to keep one card handy for emergencies, but it is probably

best to keep it out of reach,  
and far away from your wallet.

Another problem with budgeting is impatience.

There are financial goals set, but people do not have the patience to complete a savings program.

For instance, an individual begins setting aside money for a new car; however,

after a few months they discover the car of their dreams.

Rather than waiting, they make the purchase. This could pose some serious financial strains.

Discipline is a must to prevent impatience from breaking your budget.

Once a person makes a budget, they often fail to adjust it when necessary.

A budget is created using a set of expenses and income figures that are liable to change.

As these figures do change, it is important that the budget changes to reflect the adjustments.

There could be some major deficits if this is not done appropriately and promptly.

Of course nobody forgets about Christmas or Hanukkah,

however many people do not consider budgeting for holidays when creating a budget.

Therefore, adequate funds have not been set aside for presents, food, parties, etc.

These items should be factored in and saved for throughout the year.

Finally, many people factor in transportation and accommodations for vacations in their budget,

however they underestimate money needed for food, entertainment, and spending money.

Keep in mind that all the resorts and tourists areas are double or triple what you would normally pay.

With a little planning, you'll be on your way to saving more money than you ever thought possible!

**Easy Money-Saving Changes** One of the most obvious and easy ways to save some extra cash

is to change some of the way you use products and items in your everyday life.

The key is to make minor changes. For instance, always buy the cheapest hand soap you can find.

The quality doesn't necessarily go up with the price and you can use it in place of bath soap.

Always use the whole product. Turn bottles upside down and drain to get the last bit from them.

Tear open sugar and flour sacks to get everything; squeeze or cut open tubes to use it

all before running out to buy more. You'll be surprised at how much there really is left!

Also, never use more than you need.

Just because it says on the box that you need a full cup, doesn't mean that you really do need it. Half

a measure of laundry detergent and a half teaspoon of dish soap are

examples of what are usually enough,  
rather than what the manufacturer says.

To save some cash, you can use some of the things in your house in some unique ways.

Instead of spending lots of money on the fancy floor cleaners, try using ammonia.

It does a great job, and you can use plain water in between times.

If your furniture needs some polishing, mix equal parts of white vinegar and vegetable oil and rub on the furniture.

Buff with a cloth until it shines.

For a freezer bag, use empty chip bags and close with masking tape.

Also try a bowl with a lid, such as a margarine tub.

If your skin is feeling a little dry, there are several substitutes for expensive lotion.

Petroleum jelly rubbed into your hands at night after a warm water soak, mayonnaise (rinse w/ cold water after),

or any other oil based food. Just be sure to put it on immediately after your hands have been in water.

To save some money on laundry, dissolve a bar of handsoap in water to replace laundry detergent.

Add three gallons of hot water, mix thoroughly and add a cup of washing soda.

Sure, these are small changes, but added up, they can put some extra change into your pocket throughout the year!

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