



BUDGETING: TIPS FOR STICKING TO A BUDGET

Creating a budget is easy but sticking to it can be much harder. There are a few things you can do to help set you up for success when it comes to sticking to your budget.

TIPS FOR BUILDING A GOOD BUDGET

It's very important that a budget be realistic. If your budget isn't realistic, you will never be able to stick to it. There are a few tips and tricks that will help you as you create your budget and interact with it.

- ▶ Create your budget so your income minus your expenses add up to zero.
 - Designate every dollar you earn to something, even if it's to savings or paying down debt.
 - This will help you to build savings into your budget.
 - You won't have a buffer zone that will feel like extra money allowing you to overspend.
- ▶ Track your spending regularly.
 - Check your spending against your budget on a regular basis (weekly, is ideal).
 - If your spending is consistently out-of-whack with your budget, you may have some unrealistic areas in your budget.
 - You may need to re-adjust your budget to reflect your actual needs.
- ▶ Use pre-authorized debits and scheduled or recurring transfers to help you stick to your budget.
 - If your monthly bills are automatically withdrawn from your account, you won't be tempted to spend that money on something else which helps you avoid wasting money on interest or late payment charges.
 - Savings are an important part of every budget but can be hard to stick to. A recurring transfer from your checking to savings account on every pay day, will make it easier to save.
- ▶ Check your calendar for upcoming events that might require extra money (eg. birthdays, etc.)
 - Tweak your budget to accommodate those expenses.

TIPS FOR SHOPPING

There are things you can do when you're shopping to help you make the most of every dollar and ensure you stay within your budget.

- ▶ Watch fees and subscription services
 - Once you subscribe, fees happen automatically and you don't give it much thought.

- There are a lot of options that all seem to ask a low monthly fee so it can be easy to overdo it. But all those small fees add up.
- Which ones do you actually use and which ones are draining your finances without providing a reasonable value for your money.
- ▶ Check other bills such as your cell phone bill and banking fees.
 - Are you paying for extras on your cell phone bill that you don't use? Is there another plan that will suit you better?
 - How much are you paying in monthly banking transaction fees? Is there another account that would suit your spending habits better?
- ▶ It can be easier to spend money using a credit card or debit card compared to cash.
 - The ease and convenience of shopping with cards also has the down-side of giving the illusion that you're not really spending money.
 - If you struggle with this, try paying for things with cash whenever possible.
- ▶ Grocery shopping lends itself to the many perils of impulse buying.
 - Plan your meals ahead of time and stick to a list when shopping. This can save you a lot of money.
 - Avoid buying impulse items that aren't on your list. They may not go with other items in your pantry and may go bad in your fridge.
 - If sticking to your list when shopping is difficult for you, try shopping online. This will potentially save you both time and money.
- ▶ Compare Brands
 - Brand names and generic brands can often be exactly the same, aside from cost.
 - Compare ingredients.
 - Try out the generic brand.
 - Sometimes the brand name will be worth the cost and other times there will not be a noticeable difference.

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TIPS THAT WILL HELP YOU CHANGE YOUR THINKING

There are also some things that you can do to help you change your thinking about spending that will help you save money over time.

- ▶ Don't jump into big purchases.
 - Take time to sleep on it and think it over. How will it affect your budget? Will it throw off your savings? Is it a need or a want? What benefit will it provide? Is it worth the cost? Will it cause you unnecessary financial stress?
- ▶ Keep credit card limits low.
 - Credit cards are handy to have in an emergency but they are also convenient and enable you to rack up a lot of unnecessary debt.
 - Credit card debt can get you stuck in a cycle of paying high interest and needing to continue to spend on your credit card just to keep going.
 - Try not to accept offers for a higher credit card limit, unless you absolutely need them.
 - If you can keep a lower limit on your credit card and pay it off regularly, you will be able to build your credit and pay for your purchases with little to no interest.

- ▶ Don't spend money you don't have.
 - Debt costs you money.
 - If you can, save up for something and then buy it rather than buying it on credit and paying it off over time.
 - If you build a comfortable amount of savings into your budget, you should be able to afford the big purchases you want or need without having to go into debt to buy them.
 - ▶ Connect your spending to your pay.
 - Determine how much time you have to work to earn the money needed to buy an item you want.
 - Is it worth the cost?
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TIPS FOR USING EXTERNAL MOTIVATORS

Most of the tips so far have required you to rely on your own internal motivation to save money and stick to your budget. These are important but it can also be helpful to have some external motivators for you to stick to your budget.

- ▶ Try an accountability partner.
 - They can encourage you, give you advice and motivate you to keep persevering.
 - ▶ Do a zero spend challenge.
 - Don't spend money on anything that isn't a necessity for a set period of time.
 - Identify what expenses are considered necessities and the time period of the challenge.
 - If you like, challenge your friends and family and turn it into a competition to make it more fun.
 - These challenges can help to curb your spending during the challenge but also can help to re-wire your mindset about your spending habits and what you consider necessary and what really isn't a need.
 - ▶ Use positive reinforcement
 - Promise yourself a small reward when you successfully stick to your budget to help motivate you to stay on track.
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BUDGETING

A budget is a very useful tool if it is set up and used correctly.

- ▶ Creating a good budget and sticking to it can be a lot of work but it can also provide a huge number of benefits that make it worth the effort.
- ▶ As you use your budget, you will develop good financial habits. These will provide not only the funds necessary to get the most out of your life, but will also give you peace of mind knowing that you are prepared to handle both the good days and the emergencies that life throws your way.