How To Survive Seven Big Budget Busters

by MSN Money expert, Liz Pulliam Weston

(NAPSA)—Credit cards are not the only cause of financial stress. Sometimes the expenses you consider fixed can bust the best of budgets. Here are seven offenders and what you can do about them.

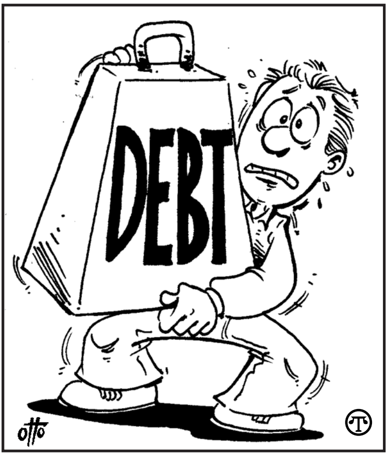
1. Too much house. It's not just mega-mortgages that knock people off track. Expensive houses come with high property taxes, larger insurance premiums, bigger utility bills and more maintenance costs. If basic housing expenses—mortgage, insurance and taxes—eat up more than 25 percent of your pretax income—downsizing may be a good idea.

2. Too many kids. Married couples with children are more than twice as likely to file for bankruptcy as their childless counterparts. It may mean fewer vacations or dinners out but you can't spend the way you did when you were childless unless you make a lot more money.

3. Too much tuition. The costs of education can include buying a house in a decent school district, paying for preschool, or opting for private school. If you're borrowing to pay for pre-college education expenses, you're spending too much. If it will take more than 10 years to pay off college loans, consider a public university instead of a private one, or a couple of years at community college before transferring to a four-year school.

4. Too much car. About 40 percent of the buyers of new cars owe more on their current vehicle than the car is worth. To prevent this situation, don't trade in a car until you've paid it off. Don't buy a car you can't pay off in four or five years. Consider driving each car for seven to 10 years.

5. Not enough marital bliss. Women's incomes drop 27 percent after divorce while men's rise by 10 percent. While no one advocates staying in an abusive marriage, an investment in counseling could prevent a costly breakup for some couples.



If it will take you more than 10 years to pay off college loans, you may need to consider a less expensive option.

6. Not enough health insurance. One out of seven Americans has no health insurance at all—no private coverage, no Medicare, nothing. An accident or illness can be disastrous. Rather than forego medical insurance, opt for a high-deductible policy, which might require paying the first $1,000 to $5,000 out of pocket but which protects you against catastrophic medical bills.

7. Not enough emergency cash. More than 40 percent of American households have less than $1,000 in liquid non-retirement savings accounts. These paycheck-to-paycheck families use credit cards as a substitute for an emergency fund but it takes only one high balance or delinquency to induce other credit card issuers to boost their rates. A better solution is to save what you can. Deposit any windfalls or tax refund checks in a savings or money market account until the balance is over $1,000. Once you pay off credit card debt, build the emergency fund until you have three to six months worth of expenses. For more tips and tools, visit MSN Money at www.money.msn.com, or use the planning tools in Microsoft Money software.