

MANAGING YOUR MONEY

Turn Good Intentions Into Good Habits

(NAPSA)—Proper preparation may mean more remuneration for you down the road. A budget is the foundation of any solid financial plan. The key to a successful budget is to separate out your required needs (rent or mortgage, utilities, insurance, food and clothing) from your discretionary wants (entertainment, eating out, shopping for designer labels). Most Americans require approximately 85 percent of their net income to pay for the most basic needs such as housing, transportation, food, utilities, clothing and medical care, leaving only 15 percent for other things such as entertainment, recreation, savings and investing.

Additional budget tips include:

- Pay yourself first. Many financial planners consider this the golden rule to saving. Immediately set aside a specific amount to be transferred to your savings accounts each time you get paid. If you have direct deposit, have a portion of your paycheck directly deposited into your savings account or set up an automatic transfer from your checking to savings account each paycheck. You should try to direct at least 4 to 5 percent of your income to savings and investing.
- Track and trim your spending. Where does all that money go if not going towards your greatest desires? It's often hard to say.



You can reach personal goals faster with a sound financial plan.

Everyday expenses really do add up to more than you think. Keep a diary of everything you spend for a month, including lattes and lunches. This will help you determine where you can trim some discretionary spending. Paying with plastic can help you track expenses, since debit and credit cards give you a monthly itemized record of where you make purchases. With a Visa check card, purchases are deducted directly from your checking account, making it easier to track your daily spending.

- Do an annual credit report check. Everyone should know his or her credit history. If you're planning a big purchase, such as a car or a house, the information in your

credit report affects your ability to get the best deal on financing. A study by the U.S. Public Interest Research Group found that one in four credit reports contains serious errors to cause consumers to be denied credit, a loan or even an apartment or job. Get in the habit of examining your credit history once a year, particularly now that a federal law has made an annual check free.

- Get organized and pay bills on time. Do your part to keep your credit record sterling by not going over your credit limit, making at least the minimum monthly payment on your balances with each bill and paying all your bills on time. Visa's Automatic Bill Payment service can help you pay bills hassle-free with a debit or credit card. Bills are automatically paid at the scheduled time you've chosen, so you'll never worry about due dates or missed payments.

- Save up and reward yourself. The surest way to derail yourself from reaching your goals is to deprive yourself. Be sure to treat yourself. For example, plan a shopping spree by setting aside \$250 on a prepaid card reserved specifically for that purpose. When you go shopping, you won't overspend.

For more tips on developing a budget and tools for tracking expenses, visit www.practicalmoneyskills.com.