

MANAGING YOUR MONEY

Learning To Balance Your Budget 101



(NAPSA)—Does it seem like it's getting harder to stretch your paycheck to cover all your bills? With gas prices nearing \$4 a gallon and food costs increasing every day, now more than ever, it is important to make sure you have control of your finances. Easier said than done. With all the financial advice out there, it is easy to become overwhelmed with where to begin. Step one to getting on the right track is simple: Develop a personal budget.

There are many benefits for following a budget. You can:

- stop living paycheck to paycheck;
- become more organized with your finances, so you can ensure that you pay your bills on time;
- track where you're spending too much money on things you don't necessarily need, and adjust your budget accordingly;
- adjust easier to increased living costs, such as the gas for your car;
- and save money for the future.

Most importantly, by developing and following a budget, you will be better prepared for life's curveballs. Watching the inflow and outflow of your money will allow you to create a savings account that can help pay bills if you have a sudden life-changing event, such as a job layoff, a death in the fam-

ily, a health crisis or divorce.

Developing a budget is easy to do. The hardest part is sticking to it. But by staying committed to the budget you develop, you can become more stable financially and will be able to adjust more easily to increased living costs or unexpected expenses. Here are three easy tips from www.smartedgebygmac.com to help you develop your budget:

First, Collect All Your Bills

This includes, but is not limited to, your checkbook register, credit card statements, phone bills, utility bills (electricity, heat, water, Internet, etc.) and receipts for gas, groceries and anything else you buy with cash, check or a debit card.

- Don't forget about items that are billed less regularly, such as taxes or insurance.
- If you don't keep receipts for some of the items listed, you may have to wait a month or two while you collect the required bills.
- Use a notebook to make sure you record every receipt or use a money management program on a computer.

Second, Categorize Expenses

Expenses can be divided into three categories: fixed, variable and flexible.

When you know what expenses are necessities (such as heat and electricity), compared with what

expenses are for wants (such as eating at a restaurant), you will be able to make budget adjustments—as necessary—to help save for the car or home of your dreams.

Third, Save Money By Paying Yourself First

Almost every financial adviser recommends paying yourself first when creating a budget. Paying yourself first means that you treat yourself as you would any other creditor that must be paid each month. Often, making savings your last priority means that you don't save as much as you planned at the beginning of the month. To prevent this from happening:

- Decide on an amount—say 5 percent or 10 percent—of your take-home pay that you are able to save each pay period.
- Deposit the money into a savings account when you pay other necessary expenses from that paycheck. If your employer has an automatic savings deduction program, all the better—it's harder to spend what you can't see.

By paying yourself first, you create an orderly way to make your money grow—and that can really pay off in the long run.

These three steps can get you started on the path toward living on a balanced budget. To learn more about budgeting and financial literacy, visit www.smartedgebygmac.com.