

Family Finances

Battle Your Budget Back Into Shape

by M.P. Dunleavey

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(NAPSA)—Whatever money management method you use, there's a tendency to imagine that a household budget will run itself—and yet it's so very easy for money and reality to get out of synch.

Telltale signs include forgetting to monitor basic expenses by using and not paying attention to where household cash is going; sweeping unusual expenses under the rug; and not saving up enough for future expenses.

There's only one way to get a budget up and running again: Face the numbers:

- Write down or use software like Microsoft Money to track all your expenses.

- Pull out your bills and your checkbook (or online statement) and double-check payments and balances.

- Breathe deeply. Take breaks. Don't whine.

- Include any changes to your financial situation (a raise, a lost job, an added obligation such as school or medical expenses).

- Anticipate upcoming outlays—such as the holidays or home repairs.

- Calculate whether you're still making progress toward your goals (saving, retirement, debt reduction, etc.).

Ideally, in our home budget, we set aside 60 percent of our income for essentials and 40 percent for savings and paying off debt. Recently, we discovered that because of some unexpected bills and careless spending, we were spending more than our ideal of 60 percent for essentials. Faced with a



Getting your budget in shape may require more than one session. Keep it lean and effective with regular tune-ups.

definite deficit in the next few months, my husband decided to take an extra shift where he works. I said yes to an assignment I had wanted to decline and we decided to rent out our vacation house.

Although facing the numbers can be a painful process, it can also be a relief, because that moment of clarity can motivate you to resurrect the budget and remain committed to making it work.

Household budgets don't run themselves. When yours begins to break down, don't run away. Roll up your sleeves and start getting it back into condition.

For additional budgeting resources, check out the 2005 version of the Microsoft Money personal finance software (www.microsoft.com/money). It offers tools such as the Essential Budget and Spending Analysis chart, which help you easily monitor and track spending against a preset budget.

• Ms. Dunleavey is a columnist with MSN Money.