



Consumer Affairs Tabloid



Keeping you in the "KNOW"

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Army Community Service Financial Readiness Branch

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ABOUT BUDGETS

Excerpt from: 360 Degrees of Financial Literacy

www.forefieldkt.com/kt/trns.aspx?xd=BP-CORE-02&il=a2&xsl=content

Establishing a budget

Do you ever wonder where your money goes each month? Does it seem like you're never able to get ahead? If so, you may want to establish a budget to help you keep track of how you spend your money and help you reach your financial goals.

Examine your financial goals

Before you establish a budget, you should examine your financial goals. Start by making a list of your short-term goals (e.g., new car, vacation) and your long-term goals (e.g., your child's college education, retirement). Next, ask yourself: How important is it for me to achieve this goal? How much will I need to save? Armed with a clear picture of your goals, you can work toward establishing a budget that can help you reach them.

Identify your current monthly income and expenses

To develop a budget that is appropriate for your lifestyle, you'll need to identify your current monthly income and expenses. You can jot the information down with a pen and paper, or you can use one of the many software programs available that are designed specifically for this purpose.

Monitor your budget

You'll need to monitor your budget periodically and make changes when necessary. But keep in mind that you don't have to keep track of every penny that you spend. In fact, the less record keeping you have to do, the easier it will be to stick to your budget. Above all, be flexible. Any budget that is too rigid is likely to fail. So be prepared for the unexpected (e.g., leaky roof, failed car transmission).



Excerpt from: The Cooperative Extension Service

When Prices Rise: Living on Your Income

www.extension.org/pages/When_Prices_Rise:_Living_on_Your_Income

Prices are noticeably higher. What do I do first?

Jot down how you spend your income. If you do not already have a good idea of how you spend your money, track your spending for a month or two. This process will give you a good idea about where you will be able to make changes in your spending habits.

Separate your family living expenses into fixed expenses and flexible expenses. Examples of fixed expenses include mortgage payments or rent, installment credit payments, deposits into emergency savings, medical and/or life insurance payments, and utility payments (if on an equal payment plan). Examples of flexible expenses include gasoline, recreation, leisure, food, clothing and personal care spending. Examine flexible expenses; look for areas where cuts can be made when times are tough. Perhaps family members are meeting wants instead of needs. Can less expensive brands or items be used?

If you are unsure how to plan for your expenses on a short-, medium- and/or long-term basis, the Family Money Manager publication (www.ext.nodak.edu/extpubs/yf/fammgmt/fe222w.htm) has worksheets, suggestions and additional resources that may help.

