



## **Budgeting: It's a good thing – Really!!!**

### ***How to incorporate a budget into your lifestyle***

*Most people hate the thought of staying on a budget. They think, “I don't want to be on a budget - I don't want to deprive myself”. Being on a budget does not have to mean that you miss out on things. In fact, being on a budget can mean that you stop spending money on things you don't mind doing without so that you can start spending money on things you want.*

#### **Here's how you can incorporate a budget into your lifestyle:**

- Start by using a “Spending Log”. A Spending Log is simply a place to write down every item you purchase. Be sure to include the price you pay. You can track your purchases on a plain sheet of paper or, if you prefer, you can carry a small notebook with you. Don't forget the “small stuff” for example that bottle of water, soda or coffee and newspaper you may buy on the way to work in the morning. Remember to include all purchases like entertainment and gifts. Keep this log for a week or two (the longer the better) and use it as a tool to find trends in your spending habits. This log will make you more aware of your actions and may even make you think twice before you spend. A review of your log will show you how easily you spend on things you can easily do without.
- Next, prepare a written budget. A budget will help you to identify all the expenses you have in a given month. Expenses that may not have been captured on your Spending Log. These are repetitive expenses such as your cell phone bill, rent/mortgage, utilities, credit card payments, insurance payments, etc. Do not estimate your expenses; take the time to determine the exact amount of money you spend throughout the month so that your total monthly expenses will be accurate. Write down all of your expenses on the budget worksheet.
  - DCC can send you a copy of our “Comprehensive Monthly Budget” for you to complete. Contact the Customer Care Department at Debt Counseling Corporation at 888.354.6332 and we will email or mail one to you. You can also visit our website at [www.DebtCounselingCorp.org](http://www.DebtCounselingCorp.org) to download this form.
- Lastly, determine your total monthly income after taxes. Once you come up with that number, ***subtract your total monthly expenses from your total monthly income.*** Hopefully the resulting number is positive; this means you have a surplus and should have money left over at the end of the month. Money you can put towards your savings. If you have a negative number, a deficit, this means that you spend more than you earn and you need to reduce your expenses.

#### **What to do with a deficit:**

You can always find painless ways to cut back. Look back to your Spending Log, particularly those flexible categories like eating out and entertainment to determine how you can reduce your expenses.

- Consider reducing or changing your cell phone plan, cable package, auto insurance, etc. to save money.
- Perhaps instead of eating lunch out at work, you can bring your lunch from home.
- You could also rent a movie to watch on TV and eat snacks from your kitchen instead of going to the movies and buying those pricey movie theatre snacks.

These are just a few examples. You will be surprised how easy it will be to come up with your own small changes in lifestyle that can equate to big savings over time.

#### **What to do with a surplus:**

- If your Comprehensive Monthly Budget reflects a surplus but in reality you are not finding you have extra money at the end of the month, use the Spending Log again to help find areas where you may be spending money without realizing it.
- Once you have found the areas of excess spending – cut these areas out and start saving that extra money instead of wasting it on things you can most likely do without. Or choose an option from the list below:
  - Pay off an outstanding bill
  - Start a retirement fund
  - Start a college saving plan

**Make it a priority to pay yourself first - Now you will be spending money on things you really want!!!**



#### **Creating the budget is the easy part – the difficult part is sticking to it!**

- ✓ Stay motivated: Don't think of budgeting as a sacrifice or chore. Focus on the rewards of budgeting and how it can help you reach your financial goals. Once you are able to regularly follow your budget, reward yourself in a small way for sticking to your plan.
- ✓ Continue to set new goals: After you reach your first financial goal, set another to stay motivated.
- ✓ Set realistic expectations: Know your limits. Make your financial goals achievable.

**Toll Free: 1.888.354.6332**

*Debt Counseling Corporation is a not-for-profit organization  
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