

Yes, You Can Budget!

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**Yes, You Can Budget!**

**By Terry J. Rigg**

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Author's Note: This article is one lesson from the free email course "Beginner's Guide To Budgeting"

There are several factors that contribute to budgets failing. The most common is that people just don't want to change the way they live and how they handle their money.

We get comfortable with the way we live and making a major lifestyle change is something that scares most of us. But, my friend, this is probably what it will take to get your finances in order and keep them that way.

I can almost guess what you are thinking, "I'm done with this article. This clown is trying to make me change everything and I don't want to". Am I right?

This change doesn't have to be devastating. When you change the way you think about your finances this change will be welcome.

The first and most important thing you have to do is to decide what it is you want to do with your money. I'm talking about setting your goals. When you have a goal that is really important to you it is easier to do what's necessary to reach that goal.

"That goal stuff is all fine and good but what if I can't even pay my bills now? What good is a goal to me?" If you don't have a goal there is little motivation to solve the problem.

## Yes, You Can Budget!

We are working backwards here. You set your goal first (the solution) and then work on how to get there (the problem).

Let me give you an example. You have a goal to be debt free in the next 5 years. The problem is that you don't have enough money now to pay your bills and put food on the table. This seems like an impossible mission. If being debt free is really important to you then you will find a way to make it happen.

Recently I received an email from a lady that wanted information about what she could do to keep her bill collectors from contacting her work and discussing her finances with her friends

and family. I won't go into details here but you can read the case study by visiting:

<http://www.homemoneyhelp.com/articles/takecontrol.html>

This lady and her husband had car loans totaling over \$1300 per month. They voluntarily had these vehicles repossessed. This action will have a devastating effect on their credit report, however, I don't believe it will be quite as bad as having to file bankruptcy.

This couple made a hard choice in order to reach their goals. While you may not have to have anything repossessed, you are still going to have to make hard choices. My point is that you can do it if you try. This is just one example of how you can budget even if you are behind on your bills.

There are many other things you can do if you are behind. One of the best ways to get started is to contact your bill collectors and see what arrangements can be made. You may be surprised to find that these people are willing to work with you to solve the problem.

How many times have you considered a purchase just to ask yourself "Can I Afford This?". When you have a budget in place this is a question that you won't need to ask. You will have the numbers in front of you. If the payment is too much to fit in your budget then the answer is No.

The time to start a budget is now. It doesn't matter whether you are 18 or 65. Once you set up your budget and have it in place for a couple of months you will start to realize that it

## Yes, You Can Budget!

isn't difficult.

As with anything else there are basic guidelines that are universally accepted. These vary somewhat depending on who you talk to but the below percentages will get you close to what is accepted.

What I am talking about is the percentage of your income (take home pay) that you should allot for each category of your budget. At Budget Stretcher I have broken this down to just 4 categories to make your budget experience as simple as possible.

Here are the percentages:

Housing – 30% of your take home pay. Housing costs cover your rent or mortgage payment, taxes, etc.

Other Bills – 30% of your take home pay. This is the catch all category that includes your regular bills excluding housing. Your credit cards, utilities, loan payments, car payments, insurance, etc. are all covered in this category.

Household Expenses – 30% of your take home pay. This is what it takes to run your household. This includes groceries, car gas and all the other stuff you have to pay for between paydays.

Savings – 10% of your take home pay. This is possibly the most important of all of the categories. If you don't have a long term and short term savings program it is going to be difficult to solve any money problems you may have.

At least %5 of your take home pay should be used for short term savings. This is very important because it is what is going to cover any unexpected expenses that may pop up. This will prevent the use of credit cards to cover these expenses.

Your short term savings should be kept in a savings account or other savings program that will allow you to lay your hands on it quickly. This isn't to say that you should use this when money runs short at the end of the month.

You should also put aside at least 5% of your take home pay for your long term savings. One day you will want to buy a house or send the kids to college and this is the pot of money that is going to accomplish that.

## Yes, You Can Budget!

Even if you have a 401k or other retirement plan it is still a good idea to put this money away. This money needs to be in an account that will pay you the most interest without a lot of risk.

Since I'm not an investment expert I won't even begin to make a recommendation on where to invest this money. You will need to consult a competent investment broker for this advice.

As you can see by the percentages above your budget is actually as simple as 2+2. If your bills and expenses doesn't fit into the recommended percentages then you need to work on it until it does.

If you are like I was you can probably come up with a thousand reasons why you can't budget your money. Either you have too many bills, you are too far behind on those bills or you just don't want to make the perceived sacrifices necessary to live on a budget.

I'm not going to try to fool you into believing that there won't be sacrifices. I am going to tell you that what ever sacrifices you have to make will be well worth the effort.

Terry Rigg is the author of *Living Within Your Means – The Easy Way* <http://www.homemoneyhelp.com/ebookadpage.html> and editor of *The FREE Budget Stretcher Newsletter* and *Budget Stretcher* web site <http://www.homemoneyhelp.com>. He has 25 years of experience counseling individuals and families concerning their personal finances.

### **Wedding Budget**

**By George Meszaros**

Your budget will have an effect on practically everything in your wedding. Everything from the number of people you can invite, the location of your reception, the food that is served is going to be influenced by your budget. Don't think of your budget as a bad thing. Look at it objectively not emotionally.

A budget doesn't just happen. You have to plan it carefully. Without a carefully planned budget, your journey to plan the perfect wedding could quickly turn into a nightmare. Whether you are planning a wedding hosted in your backyard or a formal event with 500 guests, you are going to have to deal with a budget.

You should start with an amount that you or your parents can afford. If it is \$15,000, but you want a wedding that will cost at least \$30,000 you have a lot of work ahead of you. You may not have enough

## Yes, You Can Budget!

to for everything that you can imagine, but you may have enough for the essentials.

Don't start shopping before you have your budget. You should, however, do your homework. Research how much everything costs as you work on your budget. Your budget should include items that you must purchase or pay for and items that may be substituted without expense. If you may be able to have a friend video your wedding, it may be a great way to cut costs. If you have to have your reception at a reception hall, you know from the beginning that it is an expense that cannot be compromised.

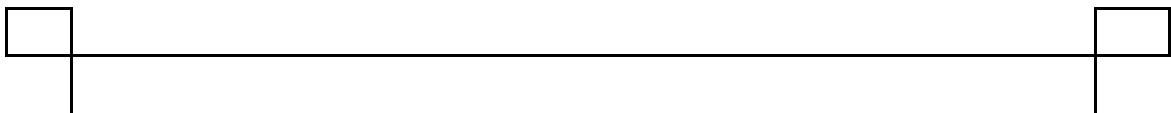
You have to know what are the must haves in your wedding and how much you are willing to pay for it. Don't meet with a reception venue manager or a caterer before your budget is set. It is not wise to try to come up with your budget as you go.

The most important concept for you to keep in mind that you will find everything that you need for almost any budget. It may require a lot of work, but if you are willing to do the research you can make it happen.

Author: George Meszaros with



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