



# your **money**

*a guide to managing your credit and debt*


## **Volume 3**

Budgeting:  
How to Manage  
Your Money

# Budgeting:

How to *Manage Your Money*





The key to managing your money is knowing exactly how much you have—and knowing exactly how you're spending it. The best way to keep track of this is by creating a budget. With a well-defined budget, you'll be able to see where your money goes, and you'll be able to make changes to ensure your money is being allocated the best possible way. This issue of *Your Money* can help you:

- Create a customized budget based on your expenses and income
- Find online budgeting tools that make the process even easier
- Stretch your budget by making changes to expenses you can control

Make every penny count.  
Start your new budget today!

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# A Realistic Look at Creating —

It's easy to lose track of where you spend your money. Few of us can remember where every dollar goes. Knowing how and where you spend can help you gain better control of your money and manage it successfully.

The best way to accomplish this is to implement a spending plan, or budget. A budget tells exactly how you spend your money. As a result, you can see where to make changes to help better manage your finances.

A good spending plan can provide the discipline needed to help you pay bills on time, cut expenses, and eventually begin saving and investing by:

- Revealing your financial condition by comparing earnings to expenses
- Helping you avoid overspending and showing where you can save
- Helping you save for emergencies or anticipated needs
- Establishing financial control and direction
- Helping you achieve your financial goals

Making a budget isn't hard, but you must maintain a disciplined attitude to stick to it. Here's how to get started, but remember—at a minimum, you should follow a budget at least for a few months until you have fully adjusted your spending habits.

- Use the budget system that is easiest for you, whether it is computer software, budget worksheets, or an old-fashioned pen and paper—see pg. 4 for a sample budget worksheet and information on accessing online budget worksheets.
- Calculate your monthly income from all sources.
- Group your expenses according to fixed expenses, which rarely change from month to month (such as rent/mortgage, insurance, utilities, cable/Internet, and loan payments), and variable expenses, which usually change each month (such as clothing, entertainment, and recreation).
- Total your income, total your expenses (fixed and variable), then subtract your expenses from your income.

If you end with a positive number, congratulations! Do double-check your work to make certain you included ALL your expenses, no matter how big or small. If you still have more income than expenses, look for ways to increase the amount paid toward any debts you have or increase the amount you put away into savings.

If your expenses exceed your income, you should take action. First, try to cut expenses. You may not be able to reduce fixed expenses, but you can adjust your variable expenses where you have more control. For example, try cutting costs in areas such as restaurant meals, recreation and clothing. See page 8 for ways to stretch your budget. Next, consider ways to supplement your income—or do both.

Need more help? Consider a non-profit credit counseling organization like InCharge® Debt Solutions if you continue to have trouble controlling your debts and adjusting your spending habits.

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# — and Sticking to — a Budget

## Do you have the tools you need? *We do!*

Visit [www.incharge.org](http://www.incharge.org) for a variety of interactive tools and educational resources you need to manage your money, avoid debt problems and plan for your future. You'll find:

- Calculators for budgeting, savings, paying off debt
- Debt solution information and explanations
- What credit counseling can do for you

[www.incharge.org](http://www.incharge.org)

# Creating a Budget



If you want to be in control of your financial life, you need to know where your money goes. Use this easy-to-follow worksheet to develop your own personal budget. Keep it as a handy reference when reviewing your income and expenses each month.

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## PREFER AN ELECTRONIC VERSION?

Visit [www.incharge.org](http://www.incharge.org) to download your own personal budget worksheet, so you can put the power of budgeting to work for you today. Simply plug in your own information and you'll be on your way to improving your financial success.

**The following is a good example:**

TOTAL MONTHLY INCOME		
MONTHLY FIXED EXPENSES		
Home Mortgage/Rent		
Car Payment (Lease or Loan)		
Insurance		
Auto		
Local/Long Distance/Cell Phone		
Cable TV/Internet Access		
MONTHLY VARIABLE EXPENSES		
Utilities (Electricity, Water)		
Home/Yard Maintenance		
Groceries		
Eating out		
Entertainment/Hobbies		
Vacations/Travel		
Gas		
Child Care		
Clothing		
Personal Accessories		
Holidays/Gifts		
Credit Cards/Debt Repayment		
Bank/ATM fees		
TOTAL MONTHLY EXPENSES		
EXCESS/SHORTAGE		

# Getting the Help You Need:



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# Certified Counselors Make the Difference

When you need help with your personal financial situation, it's important that you deal with an organization run by well-trained, specialized team members who really know their business. That's why when you call InCharge Debt Solutions, you're not just connected to an operator. You speak with a certified credit counselor who is thoroughly trained to answer your questions, explain how our organization works, and handle your personal financial management needs.

We take great care in selecting, educating and grooming our counselors to make sure they're the right candidates for the job. They are tested and screened comprehensively before being allowed to answer calls. All InCharge counselors are also required to become accredited by the AFCPE (Association for Financial Counseling and Planning Education), an independent certification provider. It's a lengthy process, but we feel it's worth the time and effort as it allows us to ensure our clients the highest level of service possible.

One of the first things our credit counselors do with all new callers is help them create a budget based on personal spending and income. During that very first call, our counselors work one-on-one with you to establish this budget history. This way we can customize a unique solution to your financial situation, by making informed recommendations like starting you on a Debt Management Program, providing you with financial educational materials, or suggesting referral programs tailored to your needs. It's all done in a confidential, discreet manner—by a counselor who respects you and your situation—so you can get the information and support you need to take back control of your financial life.

Why do we place such importance on training our counselors? Because when you're ready to call, we vow to be ready for you. It's as simple as that.

# Making Every Penny Count: How to Stretch Your Budget



It's important to take regular inventory of your financial situation-and most importantly, your budget. Remember, circumstances that affect your monthly spending can change at any time, whether they are things you control (your grocery bill) or things you can't (gas prices). That's why paying close attention and making modifications to your budget on a regular basis is vital.

Let's take a look at a few key budget items-and how you can cut them down to size:

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### Utilities:

Watch your thermostat. You'd be surprised how a few degrees can make a huge difference in your power bill. Call your provider and ask if they offer a free energy check program-it could show you ways to save big. Check your phone usage. Would going "cell-only" save you money? Or maybe ditching the cell would be a better idea with your calling habits-check out all your options.

### Insurance:

Raise your deductibles on home and car insurance, and drop collision if your vehicle is paid for. But don't drop liability insurance-should you get hurt, it could be the only way to avoid financial catastrophe. Shop around to make sure you're getting the lowest rate.

### Food:

You know the culprit-eating out. Enjoy special nights out occasionally, but eat most meals at home. And bring lunches to work. Make a meal plan and a list to use at the supermarket-this will stop you from buying things you don't need. Use coupons to give you meal ideas and save money.

### Clothing:

Plan your shopping needs. The last thing you want to do is buy on impulse. List your clothing needs and wants, then stick to them. Buy for quality, not fads. And buy things that will coordinate with what you already have.

### Transportation:

With gas prices so volatile, plan your trips wisely. And consider the car itself-how long do you plan to keep it? If you do plan to buy soon, take a close look at the new, more fuel efficient car options. And remember, walk or bike when you can, especially if you take cabs often. Live far from work? Try forming a car pool.

Small changes really can make a huge difference in your savings. Just make sure you don't spend the money you save on something else. Bank the savings, or better yet, use it to pay down your debt. The road to financial freedom just got a little shorter!