

# Start With A Budget

By Doris Dobkins

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You've probably read many articles about budgeting and heard conversations about the pros and cons of having a budget. I myself have written many budgeting articles and have received various levels of feedback on this subject. After any discussion on budgeting, I always return to the conclusion that budgets are one of the most important foundational steps for successful financial management.

They are a key tool for allocating and tracking your spending. While most people will agree with this, the actual practice of creating and managing a budget on an ongoing basis is a whole different story.

I'd like to take a moment now and go over a few budgeting options with you if you are one of those on the verge of creating a budget but just need a little extra encouragement to take that next step.

The first budgeting option is the good old-fashioned envelope method. For each item in your budget (at least the fluctuating items) you take an envelope and label. Then the amount you budgeted for that category is placed in each envelope every time you are paid. Some examples of this are: grocery, gasoline, eating out, entertainment, etc.

Then as you spend the money, it is removed from the envelope until the cash is depleted. When the envelope is empty, you have two choices. You can either stop spending or borrow from another envelope that still contains some funds.

Now if you like to carry cash and envelopes around with you, this process works and it works great. No more credit card debt for you! And, any money leftover at the end of each month can be applied directly towards debt or savings.

The second option available is the Budget Map system that replaces your

check register. As you spend, you manually record the transactions in the proper category and calculate the remaining balance. This allows you to know exactly how much money you can still spend in that category for the rest of the month. For many people, this method works quite well.

The third budgeting option I want to share is rather new and it is for those of you who love technology, live on the computer, and want instant information without any manual transactions. Think of it as an electronic version of the envelope method.

First you set up a spending budget for each of your spending categories. Then you link to all the financial institutions you deal with which includes banks, credit cards, etc. Within a few seconds, all your cleared financial transactions will download. And finally, with the click of a mouse, you can transfer those funds to their assigned envelopes.

At any time, you may view all your envelopes to see what the remaining positive (or negative) balance may be. In my case, I've already got two negative balances for the month and this has put me on high alert to under spend in another category to make up the difference.

Once again, amounts remaining in an envelope at the end of the month can be transferred with the click of a button to a savings account or a credit card bill.

This software is a great way to electronically manage your cash and is available for a Palm as well. What's even better, you can try it free of charge (except for a small shipping and handling fee).

If you would like to take advantage of this offer while it lasts, this link will show you how.

<http://www.qksrv.net/click-621886-10013764>

Finally, regardless of which budgeting tool you actually end up using, the bottom line is that you choose one and start a budget. It's critical to your financial management that you know where your money is going. Happy Budgeting!

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Doris Dobkins is a money saving expert, author and speaker and has helped thousands of people find ways to save money and get out of debt. For money and budgeting tips, go to:

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