

## Title:

10 Tips To Make Sure Your Financial Budget Will Succeed

## Word Count:

1332

## Summary:

You've analyzed your past expenses, put them into spreadsheets, loaded Quicken with all of your data and come up with a budget. Now what? The tough part! You actually have to stick to your budget and put your plans into action. This is easier said than done. In many cases you will have forgotten about your budget and your financial goals 6 months or a year down the road. How do you keep this from happening to you?

Here's how. Make sure you follow some of these tips below s...

## Keywords:

budgets, saving, financial, personal finance, investing, money

## Article Body:

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Here's how. Make sure you follow some of these tips below so this doesn't happen to you.

1. Create a budget with realistic targets - Let's say one of your budget goals is to not eat out for lunch or dinner on a regular basis. If you are honest with yourself you may find this to be an unrealistic goal. Sometimes it's a nice break to eat out and have a relaxing rewarding evening. In other words, don't set the bar too high. Drastic and unrealistic goals are one of the surefire ways your budget will not succeed.

2. Budget for expenses that don't occur on a routine basis - Make sure you give consideration to expenses that occur once a year, such as holiday presents, birthdays, vacations, weddings, car maintenance costs, etc. These expenses don't occur every month and they will bust your budget plans wide open. Make a list of

these events on a calendar and put a dollar figure to them. Place them in the month they are expected to occur so you can plan in advance how you will pay for them. The regular routine expenses are not the reason your budget will fail. It is these "gotchas" that will wreck havoc on your budget if you don't plan for them.

3. Put your budget in writing - Take the time to write down your budget plans. Making a mental note of your budget goals is a recipe for failure. Don't assume that your financial future will take care of itself by making a simple mental note to yourself. If you have your budget goals detailed in writing you can review and remind yourself weekly and monthly of your financial goals.

4. If you have a bad month or week, don't give up! - Let's say you have been reaching your budget goals for three months. In the fourth month, for whatever reason, you didn't reach your budget goals. Maybe you even stopped trying to stick to your budget! If this happens, don't just throw your hands up in the air and admit to failure. Everyone falls off the wagon sometimes. Your budget is a journey. There will be bumps in the road, so the key is to realize that everyone makes mistakes. This relates to a story I like about a great old time golfer named Walter Hagen. Before each round of golf, he told himself that he would have 4 or 5 bad shots. During the golf round, if he hit his ball into a bunker, he would tell himself, "There is one of my bad shots that I was expecting", hit the ball out of the bunker and move on. It didn't phase him one bit because he had knew there would be some bad shots in his round.

5. Adjust your budget over time - This one is a biggie! It can take months or even years to fine tune a personal budget. When you initially made your budget plans, you probably had to guess at some of your figures. They might not have been in touch with the realities of every day life. For example, you may have underestimated your monthly grocery or utility bills. If this happens, analyze all of the underlying money that was spend in this category to see if your initial estimate was unrealistic. If it was, try to come up with a more accurate number and then to stick to that new figure. It is this type of adjustment that is one of the keys to making sure you can stick to your budget.

6. Review your budget every month - This is where you will make any adjustments that are needed. Set aside the first day of each new month to review your income and expenditures and match them to your budget goals. By actively reviewing your finances and comparing it to your budget, you can adjust your spending habits. This gives you a chance to analyze areas that exceeded your budget expectations and make the adjustments in your spending habits or your budget. The goal here is to not forget about your budget. One tip that has worked for me is to put a printout of my basic budget goals on the refrigerator. That way every day,

several times a day, I would notice my budget goals sheet. I may not read it every time, but I notice it and it reminds me that I need to stick to my budget. That is why tip number 3 is so important.

7. Set specific short-term goals - Let's say one of your budget goals is to have all of your credit card bills paid off in two years. If your credit card balances total \$20,000 that would be \$10,000 a year. Divide that number further into quarterly reductions in your credit card bills, in this case \$2,500 every 3 months. Now, this is a more tangible budget goal to shoot for isn't it? I find that when I divide intermediate and long term goals into short-term tangible stepping stones, I am able to feel a greater sense of accomplishment and am more likely to succeed. This brings us to number eight...

8. Reward yourself - That's right! Treat yourself when you reach your some of your short-term goals. Since your financial budget is really a journey, take some time to smell the roses on your way. Sticking to your budget should not be a restrictive, unpleasant experience. Not only should you take the time to enjoy your financial accomplishments along the way, but use part of your budget for fun things that you enjoy. Just make sure your rewards don't end up breaking your budget!

9. Pay yourself first - I'm sure that one of your budget goals is to save and invest a portion of your income. One of the keys to make sure you succeed at this is to do what the IRS does with your paycheck, take it out of your discretionary income immediately. This way, the money is saved away right off the bat. Move the money immediately into a savings or mutual fund account. Many mutual fund companies can setup automatic deductions from your paycheck. Despite your best intentions to save, the hectic, daily demands of life can reduce the amount you are able to save.

10. Attitude is everything - When most people think of a budget, they picture restrictions and pain. Almost like a diet. You know what happens with most diets? They don't seem work for long! First, if your budget is too strict, too restrictive on your spending, it won't work either. However, you will need to limit your spending in some areas and this will take some adjustment in your attitude. I found that when I am feeling limited and sorry for myself when I can't purchase something that I want, I remember my financial goals I set with my budget. I think about the satisfaction I feel when I reach those goals. Over time, you find that you don't want to disappoint yourself by breaking your spending goals on a spur of the moment purchase. Now, I actually get more pleasure knowing that I am reaching my budget goals when the thought of an impulse purchase crosses my mind.

If you follow these tips, your budget plans are more likely to be a great

success. By taking some simple steps you will find that living within a budget is not as tough as you imagined. It can actually be fun and rewarding!