



## How to Live on a Budget: Overcoming the Hurdles

### CREATING YOUR BUDGET

Without a budget, it's hard to know what direction you're going in financially. A budget is like an outline for an essay. You can set parameters and determine what needs to be done to improve your financial situation. You can determine where your money goes and where it needs to be directed.

Let's dive into a spending plan you can use going forward. It may be helpful to specify a short list of reasonable goals (such as paying off one credit card or saving for a major car repair) and focus on just one for now.

### PRIMARY TIPS:

1. **Dedicate** a notebook for your budget, with room for planning upcoming expenses such as car repairs, home repairs and health care costs, or use a ledger designed for budgeting.
2. **List** all of your expenses again. Include as many specific flexible and discretionary expenses you can think of. Record cash purchases.
3. **Allocate** amounts to all your fixed expenses first.
4. **Choose** your first goal and how much money it will take to meet that goal.
5. **Analyze** your flexible and discretionary spending and adjust with your first goal in mind.

### ADDITIONAL BUDGETING TIPS

- ▶ **Try cash only.** Does spending with credit cards simple feel different than spending with cash? Some say there's an emotional void with charging that saves the sting of parting with precious cash. Stick with cash and spend less.
- ▶ **Keep looking for ways to reduce your spending.** Choose a period of time to wait (say one month) before tackling an area of your spending; then move on to another. Apply any extra savings toward debt, your emergency fund, retirement or another established goal. You might be surprised to discover what you can live without.
- ▶ **Add up your habits.** Daily coffee from the coffee shop, trips to the snack machine, and unhealthy habits such as smoking and drinking really add up. Rely on coffee from home and prepared snacks from your own pantry, and work on giving up the bad stuff (your body will thank you for that).
- ▶ **Gotta have it?** You've tightened your financial belt a little, but you still need or want something that you feel you can't live without right now. A few discretionary dollars can go a long way if you buy secondhand. Facebook Marketplace or the NextDoor app are great resources.



**BEHAVIORAL HEALTH SYSTEMS**