

Daily Union Article  
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Title: A Financially Sound 2019

Are you worried about being able to pay your bills on time? Do you have accounts being turned over to debt collectors? If so, you are not alone. It should come as no surprise that one of the more popular New Year's Resolutions is managing debt.

Money is a part of our life every day. The clothes we wear, the food we eat, the home we live in and the fun things we like to do are only a few money related decisions we make.

For some people, having a million dollars wouldn't be enough to satisfy their *wants*. Millions of other people manage to take care of their *needs*, pay their bills, save for the future, and enjoy life while still living within their income. Managing money takes time and effort.

The way you spend or save money today will help determine what you have and whether you can pay your bills in six months, a year, or for many years from now. You don't want to wait until you are in financial trouble to make financial decisions that will keep you on the right path. With this being the first of a new year, it is an ideal time to get started.

As with any New Year's Resolution, a person's success is dependent on the planning that goes into such a goal. Use a 3-ring binder with loose paper or a spiral notebook with pockets to help you get yourself organized. This will serve as your "budget book."

The first step toward managing your debt is to implement a realistic budget for your household. You need to identify what money comes in and how much money you spend. You also need to know what your fixed expenses are.

To create your customized budget, begin by making a list of your income from all sources. If both you and your spouse contribute to the household income, write down what you each bring in on a monthly basis.

On the next notebook page, list your fixed expenses. These are expenses that are paid every month – such as your mortgage payment, electricity bill, car payment, or insurance premiums. Next, list the expenses that vary from month to month such as entertainment, recreation, or clothing purchases. Be as detailed as possible. If you stop by the coffee shop drive through several times a month, write it down. If you have a date night with your spouse each month, write down the expenses involved – meal, movie tickets, concession stand purchases, and babysitter pay. When you write down ALL your expenses, even those that seem insignificant, it provides you with a

clear understanding of your spending patterns. It also helps you recognize the expenses that are necessary and where you can prioritize your spending. The goal in creating these income and expense logs is to make sure you can make ends meet on the basics: housing, food, health, insurance, and education.

Now you need to compare your expenses to the income generated. If your expenses are more than your income, look for ways you can cut. Determine what expenses are absolutely necessary, such as housing, utilities, and food. Decide which other flexible expenses can be cut to meet the necessary, non-flexible expenses. Maybe you will need to cut out the drive through coffee shop runs or change your date nights to a movie rental and enjoy a cozy meal at home. If needed, you can look for ways you can increase your income.

With your homework behind you, now you can make a budget that reflects your lifestyle and livelihood. A budget is simply a spending and savings plan that is designed to fit your household. You can create your own budget form or get one from the Geary County K-State Research and Extension office by calling 785-238-4161. Your budget form should have a list of planned expenses and expected income. As you receive income, record it on an income sheet and monthly calendar. As bills arrive, list them on the monthly calendar on the date they should be paid. Also record other monthly expenses if no bill is received (such as rent.) Finally, plan what bills and expenses will be paid out of each paycheck or other sources of income, as well as how much of the income must be saved to pay expenses later in the month (between pay periods.)

At the end of the month, subtract your total monthly expenses from the total income generated and determine if you have stayed within your budget.

Review expenses and income to determine what needs to be changed. Do you need to cut some expenses and increase your income to make ends meet?

Don't be discouraged. The first few months you try to follow your budget will be a learning experience. You may need to make changes to the budget, and that's okay. Remember, a budget is a guideline for spending and saving money. It helps you identify where your money goes and helps you plan how to use your money to get the things you need and want.

You can enjoy life more when you use financial management skills that help you stay ahead of expenses and save for those important wants you have throughout the year. Make budgeting a New Year's resolution so that you and your family are financially sound in 2019! Until next time, keep living resourcefully!