

# REAL LIFE ON A BUDGET



17 Practical Challenges to  
Live and Thrive on a Budget

JESSI FEARON

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[WWW.THEBUDGETMAMA.COM](http://WWW.THEBUDGETMAMA.COM)

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The websites recommended in this book are intended as resources for the reader; the author cannot guarantee their content for the life of this book.

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## BEFORE WE BEGIN...

Once upon a time, I was struggling to afford my life. Not because I was homeless or had no job, but because I was horrible with money. All around me, my friends were living the “good life” with all their nice, fancy stuff. I wanted that life – the Coach purse, the amazing pair of high heels that would make me look more professional, the gorgeous comforter that promised to help me sleep better at night. Those were just some of the silly things I wanted—that I claimed to need—when I was spending more money than I was making. I was more than a shopaholic; I treated money like something I was entitled to instead of treating it like a tool and making it work for me.

What made it worse is that my mom is one of the most frugal people you could ever meet. Growing up she taught me everything about living a great life with less. However, being a trueborn rebel at heart, I refused to put into practice anything my mom had taught me. When I finally hit rock bottom, I was drowning in a sea of consumer debt and faced with the harsh reality of my poor decision-making. Thankfully, I let go of my pride and put into practice all those lessons in frugality that my mom had attempted to teach me as a child. Since many people are not blessed with a thrifty mom like mine, I started my blog, *The Budget Mama*, to help those who are struggling to find balance with their money. *The Budget Mama* is where I share my family’s *real life on a budget* in all its gory details.

This book is a compilation of the different ways that I have found to live a *real life on a budget*.

Living a *real life on a budget* isn’t as complicated as you might think. Budgeting is not some mystical apparatus that only people in books use. Budgeting is a tool that real people can, and do, use in their everyday lives. The “B” word gets a bad rap in our society because it is viewed as restrictive. We tend to think of budgets as prison sentences for our lives, instead of viewing them as road maps for our money.

This book will inspire you to build, maintain, and thrive on a budget. It will provide you with the necessary tools to get you living your own *real life on a budget*. You just have to supply the manpower behind these tools.

Best of luck in your budgeting adventures!

XoXo,

Jessi

# THE MOST IMPORTANT QUESTION TO ASK

*"Money, like emotions, is something you must control to keep your life on the right track."*

Natasha Munson

One of the most fundamental questions that you must ask yourself before setting a budget, determining your financial goals, or even paying off debt is this: “Why is money important to me?” You would not expect a doctor to prescribe you something without first asking you to describe what is wrong. In the same way, you should not expect to figure out how to best make your money work for you without first knowing why it is that money is important to you.

### *Why is money important to you?*

Now, it may be tempting to just throw up an answer like “freedom” or “peace of mind,” but those answers will not help you figure out a financial plan for your future. They are too vague. We need something more concrete, more in depth.

### *Questions to Ask to Get You Thinking*

Keeping in mind that we are looking for specifics, answer the following questions to help you determine why money is important in your life.

- Why do I invest so much of my money and time on X?
- Why do I spend so little on Y when I claim it is so important?
- Why do I save as much (or as little) as I do? What am I hoping to achieve?

*“The calendar and the checkbook never lie.”*

The truth is most of us want more time with our loved ones or more time to travel and do the things that we truly love. The problem is that we spend money in a way that is actually preventing us from enjoying our lives.

We claim that our families are most important, but we fail to save any money to protect them in an emergency. We claim that our education is most important to us, but we fail to put any money aside to actually go to school. We claim that becoming debt-free will allow us more freedom, but then we fail to do anything to help us become debt-free.

This is why you should ask yourself why money is important to you-- so you can sit down and dig deep. We make many claims about why money is important to us but fail to do anything about it. The truth is, if these things were that important we would actually do something about them.

Why is money important to you? This is a question that we all should ask before developing our financial plan. After all, if we don't know why money matters to us, how can we plan to use it?

### **Challenge 1: Why Is Money Important to You?**

Dig deep, real deep, and ask yourself why money is important to you. This is critical to understanding not only your own individual financial needs, but also to understanding your family's needs. If you are married, I suggest that you and your spouse answer this question individually. Then discuss your answers and how to best tailor them to help your family.

Do not get hung up on “well this is only important to me right now but this will change in a few years.” Life happens and your views on money will change. That is why is it important for you to revisit the question often and to make sure that you are still using money in a way that is in line with your goals.

# FINANCIAL GOALS

*"If we don't take the time to put our long-term goals first, there will never be enough time or energy for our dreams."*

Ruth Soukup, founder of [LivingWellSpendingLess.com](http://LivingWellSpendingLess.com)

If you aren't setting financial goals, you are letting your money control you instead of controlling your money.

I am sure if you have ever read a time management book, you have probably read the story about the professor and the jar of rocks. In case you have no idea what story I am referring to, I will paraphrase it for you:

A professor held up a jar of rocks in front of his class. He asked them, *"Is this jar full?"* They all agreed that it was in fact full. Then he took a bag of small pebbles and poured it into the jar. The pebbles filled in the space around the jar and he asked, *"Now is it full?"* Everyone again said yes. He then took a bag of sand and poured it into the jar. The sand filtered through the rocks and pebbles until all the space was filled. *"What about now?"* he asked, *"Do you think it is full?"* For the third time the class said yes. Finally, he took a pitcher of water, poured the water into the jar until it was all the way to the brim, and began spilling over the top. *"Now,"* he said, *"we can say the jar is really full."* He then explained, "Had I started with the water first, then the sand, then the pebbles, there'd be no room for the rocks."

The moral of this story is that if you take care of the big stuff first, you will have more time for the smaller (and possibly more important stuff) later. Thus, if you take care of the big financial goals first—emergency savings, paying off debt, or saving for retirement—there will be more money and time for the enjoyable stuff like vacations.

Setting realistic goals is the key to figuring out how you need to budget your money and where you ultimately want your money to take you. Without realistic goals in place, you will ultimately become overwhelmed and will opt for doing nothing instead of taking action to improve your financial situation. Remember money is a tool – use it effectively; do not let it use you. These three steps will help you set realistic financial goals:

### *Step One: List Your Priorities*

Only you know what is important to you and your family. Is it paying off credit card debt? Saving for a house? Building up an emergency fund? Whatever is important in this season of your life is where you need to start. Take a moment to write down what your number one priority is for your finances. Writing it down and posting it where you and your family can see it is essential to making the goal happen.

Now, you may be saying: "We want to pay off debt, build up an emergency fund, *and* save for a house. So, where do *we* start?"

Pick only one goal to work toward at a time – remember the jar of rocks story. Picking one at a time will help you realize your other goals. If you don't have an emergency fund saved up, start there and then move on to paying off debt or saving for retirement.

### *Step Two: Set Specific Goals*

*"You must have long term goals to keep you from being frustrated by short term failures."* Charles C. Noble

Give yourself specific deadlines to complete your goals. For instance, my husband and I set a pretty ambitious goal of paying off my student loans by December 2015. Is there a possibility that this may not happen? Absolutely! But the point is that by giving ourselves a deadline, we are more apt to try to make that deadline. This is what is considered a long-term goal: something that is in the future but not necessary twenty years from now.

Next to where you wrote your number one financial priority, write down a deadline for that goal. Be realistic enough to know that it may take a year or more to meet that goal. For example, last year when we decided to pay off my student loans, we knew that there was no way we could realistically meet that goal by that December (2014). But it is very possible that we could meet our goal in December 2015 if we stick to our plan. Make sure your deadline is realistic.

Now that your long-term goal is written down with a realistic deadline, set some short-term goals. Think of these as the “pebbles” in the jar of rocks story; they are smaller pieces to your long-term goal that can be attained in thirty to sixty days.

For example, if your long-term goal is to save \$2,000 in an emergency fund, you can start by contributing 2% of every paycheck towards your emergency fund for the next thirty days. Afterwards, you can bump it up to 4% of every paycheck and continue this trend every thirty days until you realize your goal of \$2,000.

### *Step Three: Eat the Frog*

Mark Twain is often quoted, “If you eat a live frog for breakfast, chances are that will be the worst thing you have to do all day.” Mr. Twain’s point is that if you tackle the hardest, least enjoyable task first thing in the morning, and do not accomplish much else during the day, you will still have accomplished a lot.

In terms of your financial goals, make a point to meet your short-term goals first—even if the very idea of that goal is painful. If you’ve decided to contribute 2% towards your emergency fund, or that you will submit a more-than-the-principal payment on your car loan each month, make sure you meet that goal before you spend money on anything else. Completing your “eat the frog” tasks as soon as possible each month (after you have paid other bills but before you spend any other money) will make realizing your goals easier. Whatever it may be that you need to accomplish today in order to realize your long-term goal in the future, get it done now. Don’t wait for tomorrow.

### **Challenge 2: Set S.M.A.R.T. Goals**

Take some time this week to create long-term and short-term goals for your family’s financial well-being. If you are married or share money with someone else, it is essential that you work alongside that person when creating these goals. You both have to work together towards your goals or else you will never realize them.

When you sit down to create your goals, use the SMART method to generate realistic financial goals. SMART stands for specific, measureable, achievable, realistic, and timely.

Let’s look at how my family’s goal of paying off my student loan by December 2015 is a SMART goal:

It is *specific* because we know the exact dollar amount that we are trying to pay off and when we'd like to accomplish this goal.

It is *measurable* because we know how much extra we need to pay on my loans in order to achieve our goal. Every month we can ask ourselves, "Did we meet our goal this month?"

It is *achievable* - it would not have been achievable in 2014 but it is in 2015.

It is *realistic* since it is something that can be done.

It is *timely* because there is a set deadline to meet, but it also fits in where we are currently in our debt payoff plan. We paid off all our credit cards in 2013 and decided to get rid of our expensive car loan and purchase an older used vehicle in 2014. Therefore, we only have two debts left to pay – my student loans and our mortgage. It would not make sense to attempt to pay off my loans first if we still had high interest credit card debt.

When I consider this goal, I feel confident that we will be able to do exactly what we've set out to do. My husband and I sat down together, looked at our monthly budget, and decided on a dollar amount and a time line that we knew would be reasonable. I want to encourage you to evaluate the long and short term goals you've written down by the SMART standards. As long as you set SMART goals, you will get results!

# MAKE A BASIC BUDGET

*"Financial success is more about behavior than it is about skill"*

Carl Richards, *The One-Page Financial Page*

If you are going to live a real life on a budget, you need a budget. There are only four basic steps to setting up a budget; the difficult part is actually sticking to it. Remember to exercise self-discipline in order to stick to your budget.

### *Step One: Determine Your Monthly Income*

The first step is to gather up your paycheck stubs (or look at your past month's bank statement of deposits). If you are paid the same amount each pay period, your income is easier to determine. Just add up the totals from the past month after any taxes. Make sure that when you are determining your income for the next month you count how many paydays you will have that month. Some months have more paydays than others do.

If you have an irregular income, you will have to come up with an average amount that you expect to be paid each month. Work backwards by first figuring out what your expenses are for the month (step two) and then determine what your income must be for the month in order to break even. Keep detailed records and always record the time you've spent working with clients (this will help you determine if you are charging enough for your services). Keeping detailed records will make the budgeting process easier if you have an irregular income.

### *Step Two: Determine Your Monthly Expenses*

Start with the easy expenses to determine: the monthly ones. Gather up all your regular monthly bills (utilities, insurance, car payments, etc); try to have the statements from the last three months for all non-fixed payment accounts (typically, this will be your utilities). Once you have your statements, write out by hand how much each one is. For the utilities, you will need to come up with an average based on the last three months. You do this by adding up the total amount due on each bill and then dividing by three. Round up whatever number you get and use this number as your expected monthly amount for that utility bill.

Once you are finished with determining your regular monthly expenses you should have something that looks similar to this:

Car Payment: \$400

Insurance: \$100

Mortgage/Rent: \$800

Water: \$30

Power: \$80

Gas: \$25

Phone(s): \$75

Internet: \$60

Cable: \$50

Loans: \$300

Savings: \$100

*Tip:* Round all your expense numbers **up** and round all your income numbers **down** when making a budget - this will make doing the math easier.

Now that you have determined your monthly expenses, you can move on to the more challenging expenses: the day-to-day ones. The best way to do this is to look at your previous month's bank statement. When looking at your bank statement, cross out anything that does not apply (like the monthly expenses you calculated above, or your income). Once you can actually see what your expenses are, start going through them with a fine-tooth comb.

Start by trying to determine which ones are grocery-related, as that is typically the next biggest expense after utilities. Once you determine how much you spent on groceries last month, determine how much you spent on fuel/transportation. As you find these transactions, cross them off in order to better keep up with what you have calculated and have not calculated. After you have your grocery and fuel expenses determined look through the remaining expenses. What were these expenses? Clothing? Haircuts? Do not remember?

If you know what the remaining transactions were for, then you can determine a budget category (i.e. car maintenance, clothing, entertainment, etc.) for that expense and write down the expense amount. If you do not know what the purchases were for then they are incidentals. In other words, these are the first expenses that you will want to try to cut back on in step three.

Now you should have something that looks similar to this on paper:

Car Payment: \$400

Insurance: \$100

Mortgage/Rent: \$800

Water: \$30

Power: \$80

Gas: \$25

Phone(s): \$75

Internet: \$60

Cable: \$50

Loans: \$300

Savings: \$100

Groceries: \$400

Fuel: \$250

Clothing: \$100

Incidentals/Misc.: \$150

You can now take your monthly income and subtract it from your expenses to determine if you are in the red or not. “The red” means that you have a negative balance when you subtract your income from your expenses. Do not panic if you are in the red, many people are. Moreover, even if you live and breathe by a budget it is always possible to get back in the red. Having a budget means you have a plan for your money and will make getting out of the red easier.

### *Step Three: Determine Where You Can Squeeze*

This may be a challenging (but very doable) step. This step requires that you take a very hard and honest look at the expenses you configured in step two. If you are very deep in the red, you are going to have to really focus and cut back on as much as you can. If you are hanging on by a thread, you may also want to buckle down and figure out ways to cut some expenses out.

There are several ways to cut back, some easier than others. The first big budget buster is incidentals. If you are spending money on things that you do not necessarily need right now you may want to halt your spending. In other words, if you are frequently going to Target and you find yourself walking out with about five other items that you did not intend on buying, then you really need to stop shopping at Target for a while.

It is very easy to justify all those little purchases. The “oh it's just a dollar” or “wow, that's an awesome sale price” buys. When you cut yourself off, you will see the big picture of how much you are spending where you do not need to be.

Another place to cut back is on entertainment. Entertainment is often classified as “fun money.” I am not implying that you cannot have fun but if you are in the red, you need to consider *free* fun. Trust me; kids can make their own fun and so can adults. Pinterest has a plethora of ideas for free and frugal fun.

Another entertainment cost that can really drain a budget is cable/satellite. You really may want to consider letting go of cable T.V. for a while. In addition, your cell phone(s) can really bust a budget. Consider how much you are paying each month and think about cutting your data and text messaging off for a while. If you have the internet and a computer, do you really have to have it on your phone too?

There are also ways to save on your regular monthly expenses. Start searching and gathering quotes from other insurance and utility companies. You might be surprised at how much money you can save by being willing to switch. Call your utility providers and see what options they have as far as rates go. I know I have saved us just over a \$100 by fixing our gas utility bill's rate. You may be able to do the same - or switch providers if possible.

Another place we spend a lot of money on is convenience. Consider allowing yourself to be inconvenienced in order to save money. Start making your own cleaners, cooking meals at home, using

cash instead of debit, using coupons, using refillable containers, etc. The next chapter will give you more ideas on areas that you can slash your budget by being inconvenienced.

### *Step Four: Set Up Your Budget*

You will set up your budget using the information you gathered in steps 1-3. There is no right or wrong way to set up your budget. In fact, you may go through many formats before you find one that works best for you.

I prefer to write out my budget by hand, as I have found that helps me keep better track. However, I know that is not how everyone likes to do it. If you prefer a more computerized approach (where you can set up email reminders, etc.) I suggest you try a free site like Mint.com or LearnVest.com. There are even paid services such as YouNeedaBudget.com that can help you set up a budget and give you helpful insights to how your money is moving around every month. There are also several apps that you can use; my favorites are Dave Ramsey's EveryDollar and a new savings service called Digit (you can sign up here to start saving today: <https://digit.co/r/WkOch?wp> ).

Regardless of how you decide to maintain and set up your budget, the basic way that your budget should function is as follows:

$$\text{Total Income} - \text{Total Monthly Expected Expenses} = \text{Difference to be applied towards savings/Debt payoff}$$

You will need to track your actual expenses and apply the same formula above.

$$\text{Total Actual Income} - \text{Total Monthly Actual Expenses} = \text{Difference to be applied towards savings/Debt payoff}$$

This basic budget is the budget that I made when I was financially struggling. I like to tell others that this budget saved my life because it forced me to take ownership of my mistakes. It forced me to take responsibility for how I manage my money. I believe that even the simplest budget can improve anyone's financial life.

When I made this basic budget, I was 21 years old and about to be evicted from my apartment. I had over \$11,000 of credit card debt alone and a brand new car. I was living a life well above my pay grade. I was an administrative assistant making an annual salary of \$18,500. I was struggling to feed myself and to buy dog food for my eighty-pound Boxer.

This basic budget was the first step to digging me out of financial trouble and to creating the life I have always wanted to live. Take this scary first step by completing challenge number three and start taking ownership of your money.

### **Challenge 3: Build a Basic Budget**

Before you can gain control over your money, you have to develop your plan. Build a basic budget using the four steps listed above and make a commitment to sticking to your budget. It takes time to craft a well-developed budget and make sticking to it a habit. Give yourself grace and remember to stick with it

even when it feels impossible. You will feel better about how your money works when you have a written budget.

If you need a printable budget to go by, you can go to <http://thebudgetmama.com/2014/12/beginners-guide-budgeting.html> for a free Beginner's Guide to a Monthly Budget Worksheet printable.

# HELPFUL MONEY SAVING IDEAS

*"I'd like to live as a poor man with lots of money."*

Pablo Picasso

Saving money is a challenge with numerous ways to make it work. The biggest issue with saving money is that most of us believe that saving money is only linked to couponing, sales, and ways to stretch your clothing budget further or earning free money.

However, there is another potential way that you could save even more money. By stepping out of your comfort zone and inconveniencing yourself a little, you can save \$100s over the course of a year. These suggestions may seem cumbersome at first, but they will pay off in the end!

### *Paper Towels*

Get rid of them and replace with white bar-mop style kitchen towels. You can save an average of \$260 a year by making the switch. You can purchase bar-mop cloths anywhere and buying them in white allows you to bleach any stains. Bar-mop cloths are super absorbent and can be reused multiple times. Keep them next to your kitchen sink in a pretty container and you are all set! (I admit that this one annoys all my neighbors when they come over and it annoyed my hubs for a long time too, until he realized it truly does save us money.)

### *Detergent*

Make your own homemade laundry detergent. Making your own detergent can seem time consuming but it will save you a ton over the course of the year. Most homemade laundry detergent recipes will cost you roughly \$0.06 a load to make; my family has saved over a \$1,000 in eighteen months just by making our own laundry detergent. Another way to save in the laundry room is to line dry your clothing. (This is great to do with little ones' clothing – they dry fast hanging up.)

### *Daily Shower Cleaner*

You can make this at home, too! All you need are equal parts vinegar and water. To cover up that vinegar smell you could use lemon or orange juice. If you have any essential oils at your disposal, you could add a drop or two to the solution. Possible savings: \$20 a year (per bathroom)

### *Fabric Softener*

Use ¼ cup of vinegar in your washer's fabric softener compartment and you could save an average of \$78 a year. (I promise, it will NOT make your clothes smell like a pickle factory.)

## *All Purpose Cleaner*

Use a more concentrated version that requires you to dilute before use. This can be a little more expensive up front, but since you will not need to purchase it as often you could potentially save over \$70 a year. Another option for an all-purpose cleaner is equal parts water and vinegar.

## *Refill Liquid Hand Soap Dispensers*

Instead of spending a bundle every couple of weeks replacing your hand soap dispensers, consider buying a large liquid hand soap container and refilling all of your already-purchased hand soap dispensers. Possible savings: \$100 a year. If you are worried about germs, you can purchase a dishwasher safe refillable liquid hand soap dispenser and run it through the hottest cycle before refilling.

## *Floor Cleaner*

Use ½ cup vinegar for every gallon of water. This solution does not leave a sticky residue and is safe for hardwoods, laminate, and tile. If you have a spray mop that does not have a refillable charger, just poke a hole at the top of the charger and use a funnel to refill as many times as needed. If your spray mop does not come with a washable/re-useable cloth, just use a microfiber cloth instead of the disposable ones. Possible savings: \$75 a year.

If you decide to use all of these options, you could possibly save your family an average of \$600 a year. It may be a little more work than you're used to, but considering the time that it would take you to clip the coupons, search the sales, get in your car, drive to the store(s), and back home, you could have made every item on this list yourself and saved the trip (and the gas!).

I personally use all of these methods of being inconvenienced to save our family money and now, they no longer seem so inconvenient.

## **Bonus Challenge: Be Inconvenienced**

Allow yourself to be inconvenienced! Look over the budget you made and pick at least one item that you could slash from your budget in exchange for a more "inconvenient" option. It will not be easy, but sometimes the hardest changes are the most worthwhile ones.

# IDENTIFY BUDGET WRECKERS

*"A simple fact about success is that it requires a lot of positive, personal motivation to achieve."*

Zig Ziglar, Author of *Born to Win*

Even after you create your basic budget, you may have issues sticking to your well-crafted budget. Budgeting is tough, but it is the first step towards taking responsibility for your money.

If your budget has not been working, it could mean serious financial trouble for you or your family later down the road. I know that you do not want that and neither do I. Therefore, I am going to share with you seven reasons why your budget may not be working and what you can do to fix it.

### *1. Allocating Too Much Money towards One Expense and Not Enough towards Another*

Let us say, for example, you budgeted a huge amount for paying off debt this month but little to no money towards clothing. Normally, that may be fine, however, your kids start school this month and they need new clothes for the school year.

You just wrecked your budget because you forgot to account for a major expense – your kids’ back-to-school wardrobe.

Solution: Make a list of all the expected expenses for the month *before* making your budget in order to ensure that you are accounting for all the necessary expenses.

### *2. Outside Influences*

I am not just talking about people influencing you to wreck your budget; I am talking about all things media-related. My family has not had cable in eight years. Yep, we have gone almost a decade without cable and we love it. However, whenever we are hanging out at our neighbor’s house watching college football, I am reminded of how media can wreck a budget.

You are constantly being convinced by commercials to purchase things you can probably live without. Commercials are not the only thing at fault for convincing you to buy that super awesome mop; Facebook is to blame as well. All around us others are trying to convince us to spend money on items we “need.”

Solution: Hold tight and keep accountable to your budget. If you think you are not being convinced by commercials or social media to wreck your budget, challenge yourself to a sixty-day fast. Have your cable suspended and cut yourself off from social media, and see if that has an impact on your spending.

### *3. Personality*

If your budget does not match your personality, your budget will fail. My family can survive without going out to eat every week, but maybe that is something your family enjoys. Therefore, if you cut it out of your budget entirely, you may be setting yourself up for failure.

Solution: Instead of cutting dinning out completely, make room in your budget for a night out once or twice a month. That will allow your family to enjoy one of their favorite things while keeping your budget in check.

#### *4. Denying that Bad Habit*

If there is one thing that I hate to budget for, it is my hubs' cigarettes. I would much rather pretend that expense does not exist every week but it does. If I tried to deny how much we spent on cigarettes every month, my budget would not be accurate. Maybe you or your loved ones do not have a smoking addiction, but there might be something else that you would rather pretend did not exist - like a weekly Starbucks habit or bar tab.

Solution: We all have our vices, whatever they may be. If you aren't going to quit, you need to recognize it and put it in the budget.

#### *5. Black Hole*

Is there a major expense that is eating up too much of your budget? If so, you will find yourself coming up short every month and failing at saving enough money for your emergency fund. Examples of these major "black hole" expenses are housing payments, car payments, and excessively high expenses like a vacation home.

Solution: Look at your housing payment and figure out the math if your payment is higher than what it should be. If you always underspend on your housing, you will be able to afford a manageable life. Do not overspend on your home or car; they are not worth it.

Here is the formula for making sure your mortgage or rent payment does not exceed 30 percent of your income:

$$\text{Take Home Pay} \times 0.3 = \text{Max Monthly Mortgage/Rent Payment}$$

#### *6. Covering Shortfalls*

If you are consistently covering your shortfalls every month by borrowing money, you are wrecking your budget. Borrowing money can mean you are using credit cards, asking others for money, taking an advance (from paycheck or credit cards), and even using your emergency fund to cover costs that are not emergency related (hint: a new washing machine is not an emergency; it is a luxury). Borrowing money is essentially robbing Peter to pay Paul; you are taking money out of one pot and putting it into another without first thinking of how you are going to replenish the first pot once it is empty.

Solution: Do yourself and your budget a favor by being consistent in your spending.

#### *7. Lack of Discipline*

If you want your budget to work, you have to work on your self-discipline and follow your budget. No one else but you can make your budget better; there is no secret sauce or cure-all miracle to budgeting. It takes a lot of discipline and trial and error to make it work. Make it work.

Solution: If you find yourself struggling with sticking to your budget each month, sit down and re-work it. Your budget may need to be adjusted here and there as you figure out what works best for your family and your lifestyle. However, if you are completely ignoring your budget in certain spending categories, you may need to consider a cash-envelope system or some other method of monetary control. Changing a

life-time of bad spending habits can be difficult! But you can make it work! Remind yourself of why you wanted to follow a budget; post your goals and share them with friends. Ask others to help keep you accountable.

The seven budget breakers above are by no means the only ways you might be hurting your budget; but they are some of the more common issues. The easiest way to figure out how you may be wrecking your budget is to take an honest look at how your budget performs every month and to identify any potential budget wreckers.

#### **Challenge 4: Identify Your Budget Wreckers**

Sit down and take a hard look at how the flow of money works in your household. What is causing you to fail at sticking to your budget? Is it the same issue every month or is it something that creeps up on you? Write down these potential budget wreckers and remember to keep them in mind (and in the budget) when you create your budget every month or week.

For example, some people forget to include a budget for items like gifts. Every month you may find yourself having to spend an unexpected \$20 here or there for a birthday or baby shower; then in the summer months you feel as though you are buying wedding presents almost every weekend! If you didn't budget for incidental expenses like this, your budget would take a beating. Be honest with yourself about how to handle situations such as these. You may feel completely comfortable cutting all gift-spending entirely; or you may decide that you'll have to cut your eating-out budget in half in order to accommodate giving. Either way, your budget has to be re-evaluated and adjusted.