

Overcome the Roadblocks to Following a Budget

The barriers to financial well-being can feel crushing. No one will argue that this is a simple change to make. There's a good chance that you are wondering whether following a budget is worth the effort. It can be challenging to change old habits, especially at first. But we've got three strategies to help reduce the drawbacks or roadblocks you might be facing.

What are your three biggest roadblocks?

1. _____
2. _____
3. _____

Reduce the Drawbacks

1. Create a list of the benefits, or pros, of following a budget. As you add to your list, the drawbacks, or cons, may seem less important. Try to have at least two pros for every con.
2. Consider the cons as the hassles they are compared to the serious consequences of not following a budget. For example:
 - How does the hassle of keeping track of expenses compare to the risk of accumulating significant debt because you are spending more than you are making?
 - How does deciding something has to wait because it is not in the budget compare to the stress of not being able to pay your bills at the end of the month?
 - How does the temporary discomfort of starting a conversation with your significant other about how you will follow a budget compare to not being able to build an emergency savings fund?
3. Counter the cons, or drawbacks, with practical alternatives or challenges. Some of the most common barriers to financial well-being are things we tell ourselves, like:

“I never understood why I need to budget.”

“It's too overwhelming.”

“I don't know how to reduce my expenses.”

“I'll have to give up things I enjoy.”

“I don't have time.”

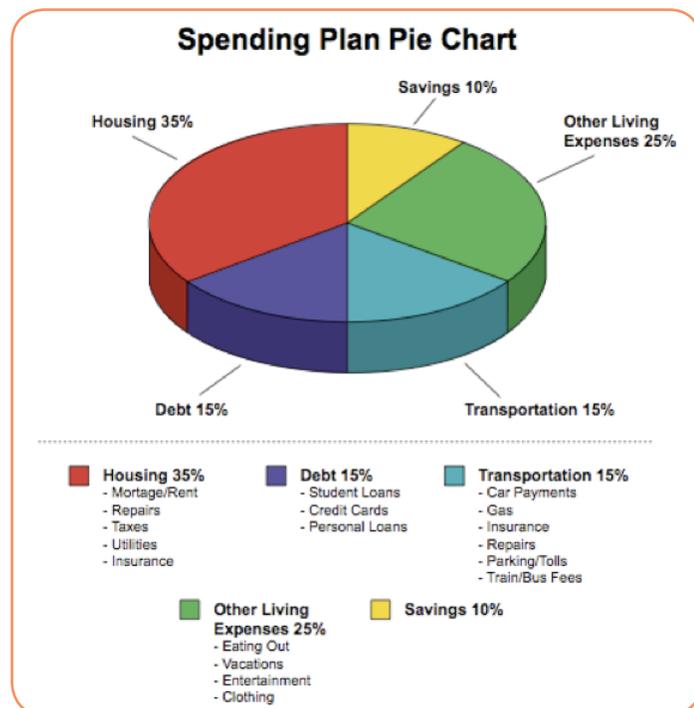
Chances are, at some point in the change process, you'll say one of these things (or something similar!) to yourself. But don't let that stop you. Be prepared and arm yourself with strategies to overcome the barriers. You can check out some suggestions for overcoming common barriers on the following pages.

I never understood why I need to budget.

The beauty of a budget is that it helps you control impulse spending on things you don't really need and/or cannot afford. And even more important, a budget helps you know where your money is going and how much you can safely spend on each of the budget categories you include while still directing some money toward your goals of paying down your debt or building savings. Each week or each month, there will hopefully be a small amount left for "discretionary spending"—or in other words, buying whatever you want guilt free. Even if it is only a few dollars, spending those dollars without worry feels so much better than overspending in the moment, and feeling the stress of that all month long.

More and more people are budgeting these days. Budgeters put off making purchases until they have the money to pay for them and are less likely to spend money on nonessentials. They save money simply because they don't see a reason to spend. For example, they're more likely to cook at home rather than eat out, buy clothes on sale instead of paying full price, wash their own cars, mow their own lawn, or borrow books from the library instead of buying them. People who follow budgets are more likely to be steadily working toward their financial goals and to be happy with their overall lives.

Once you've figured out your income and expenses, you can begin to make a spending plan—that's all a budget is. Here's a sample budget from financial expert Jean Chatzky showing how much you should be spending in every area of your budget, from



housing to entertainment to everything in between. This is one way to divide the pie—over time you can figure out what works best for you.

It's too overwhelming.

True, it can be overwhelming. But you're not going to figure out your budget overnight. Remind yourself that you'll do it one day at a time—when you are ready.

In the meantime, check off the strategies you can try.

- Use a budget tool. There are a number of online budget tools (described in Thrivent's *Resource Sheet*) including Mint.com, LearnVest, and FinanceWorks. Can you take a look at one or two of them?
- Use the Thrivent budget templates. If you prefer not to use an online tool, could you check out the budget templates Thrivent has created (in the *Sample Budget Templates Resource Sheet*)?
- Begin with the basics. Just tracking your expenses for a couple of days will start to give you a sense of how much you are spending on the things you may never think about. The bonus is that research shows that keeping a diary about something—whether it is spending or smoking or eating—makes us do less of that thing.
- Think about who you can ask for help when you get started.

I don't have time.

We're all really busy, but there are ways to make time for this. Here are two strategies that can help.

- 1. Tell yourself that you can break the big task of following a budget into small tasks that will only take a few minutes at a time.**

Think, for example, about how you'll figure out what's coming in and what's going out of your accounts and your wallet. Think that will take forever? Think again...it can be done in three steps and take just a couple of minutes a day. Do one step each day, and you'll spend less time than it would take to watch one ½ hour show on TV—even if you recorded it and don't watch the commercials.

Step 1: Figure out your monthly net income. Unless you have other forms of income, this basically means looking at your pay stubs.

Step 2: Figure out your fixed expenses. This step takes the most amount of time. How about setting aside 30 minutes a week over the next month? Start by listing the easy things you pay each month like rent/mortgage, car, and child support payments. The next week tackle your utility bills. Then insurance payments and taxes. And finally, any other set monthly expenses.

Step 3: Figure out your variable expenses. This means you'll have to track your expenses in a notebook every day for at least a week (two weeks or a month is even better). It only takes a second to jot down what you're spending as you're spending it. Each night take five minutes to add your day's expenses to the appropriate spending category.

2. **Remind yourself that following a budget can save you time in the long run—**especially if you're organized and bank online.

I don't know how to reduce my expenses.

You'll be amazed at how much you spend without even thinking about it. How much did you spend yesterday? You probably have no idea. Did you buy coffee and grab a pastry on the way to work? Did you use a couple gallons of gasoline on your commute? Hit a vending machine? What about lunch? And dinner? Did you go to a restaurant or get carry-out from the grocery store?

It all adds up. Those are all variable expenses, some of which could be cut. Take that \$2 coffee a day...no big deal, right? But that's \$14 a week, and \$728 a year. Even a \$1.50 per day for a soda adds up to nearly \$550 a year.

And that \$7 lunch? Even at only five days a week, that adds up to \$1820 a year. Want to go to a movie? If you and a friend split the cost of a DVD rental or on-demand movie instead, you could both save \$8.

Cost-cutting strategies are getting a lot of press lately—everything from how to reduce your grocery bill (think coupons, buying in bulk, and buying produce in season) to getting a better deal on cable and Internet service or family vacations. Your friends and family may have ideas too. Keep your eyes and ears open for those tips.

I'll have to give up things I enjoy.

Yes, you will. But following a budget means giving up something today to get something tomorrow. So for now, remind yourself how much better you'll feel about yourself and the benefits you'll get living within a budget.

You can also focus on these lower cost ways to have or do the things you enjoy:

- ✓ Buy less expensive versions of the things you enjoy.
 - At the grocery store, try the store brand of your favorite cereal (raisin bran is raisin bran, right?).
 - You can also save on over-the-counter medications—the formula will be the same whether it's store brand or name brand.
 - Instead of department store cosmetics and shampoo from your salon, check out the beauty aisle at a discount store like Target™—you can get great quality products for less money.
 - Shop for clothing at sales and brand-name discount stores.
- ✓ Entertain your family the old-fashioned way. Try board games, bike rides and picnics, and free summer concerts. Borrow books and DVDs from the library and take advantage of their story hours, lectures, and movie nights.
- ✓ Watch sports events on TV instead of at the stadium—you'll have a much better view.