

From Here to There: Putting Together a Plan

INSIDER TIPS

- If you have a short commute to work, see if you are eligible for a car insurance reduction. Some insurance companies provide discounts if your annual mileage is below a certain amount.
- Don't eat out for a month and see how much you can save. It can cost more than twice as much to dine out as it does to eat at home. Your wallet will thank you, and your waistline may too.
- Still smoking? A 40-year-old pack-a-day smoker who quits and puts the savings into a 401(k) earning 9% a year could save as much as \$250,000 by age 70! [SOURCE: MSN Money "The High Cost of Smoking" by Hillary Smith]

Now, you've taken the first steps—figured out where you want to go (your goals) and laid out your current budget. To reach your goals, you need to make a **Future Budget (see page 30)** that has room for paying down debt and saving for the future. This is the budget you will stick to from now on.

There are different routes to take to these goals, but the roads are related—you'll need good credit and responsible debt habits, as well as savings, to make those major purchases. And you'll likely need to cut your spending to have money for savings to cover emergencies and meet your financial goals.

Are you spending more than you make? Your first goal is to make sure that your "Ins" are greater than your "Outs." That is, your income is greater than your spending. Since it is harder to increase your income than it is to decrease your spending, let's focus on spending. Are you surprised by how high some of the categories are? Did you realize you were spending that much money eating out?

Are you making more than you need? If you are, that's great. But if you're looking to improve your budget, it is still important to look at every dollar spent. Free up as much money as possible for savings and debt payments.



Making Ends Meet—Your Future Budget

Step One: Go through and *circle* things that you could cut back on or live without—we put some of the categories in *italics* to show things that you may be able to cut. Remember your financial goals! Are these goals more important than the money you spent on new clothes or going out this month?

Step Two: Next to each category, put **IDEAS** of how you can reduce the expense and **TARGETS** for what you want to spend every month going forward. For example, your gas bill may be \$150 a month. You might have a target of \$125 per month. You may use the "idea" of putting a note to yourself on your door that reminds you to turn down your heat when you leave the house. Read some of the insider tips in this Guide about how other people have been able to save money and spend less.



