

## BUDGETS

Building a budget lets you see how much you're spending, and where. A budget can be a powerful tool to help you find ways to save money, and to decide where it is important to spend it. Once your budget is in place, tracking expenditures is quick and nearly automatic. It is the only practical way to get a handle on your spending. You choose when and how to spend by prioritizing how you spend your money.

### STEP 1 – IDENTIFY CURRENT SPENDING

- Determine categories
  - Spending more than you should in certain areas? Concentrate on these subcategories:
    - Rent/mortgage, utilities (includes water, sewer, garbage, electricity), automotive (fuel, insurance, repairs).
  - Steer clear of using the “miscellaneous” category as much as possible. Often, this becomes a catch all for cash spent on extras.

### STEP 2 – EVALUATE SPENDING AND SET GOALS

- What are your long-term financial goals and objectives? Focus on what is important to you! This may include:
  - Retirement, child/children's education, travel, or hobbies.
- Be realistic! Allow yourself some leeway and splurges.
- You may need to revise your budget several times to get it right.

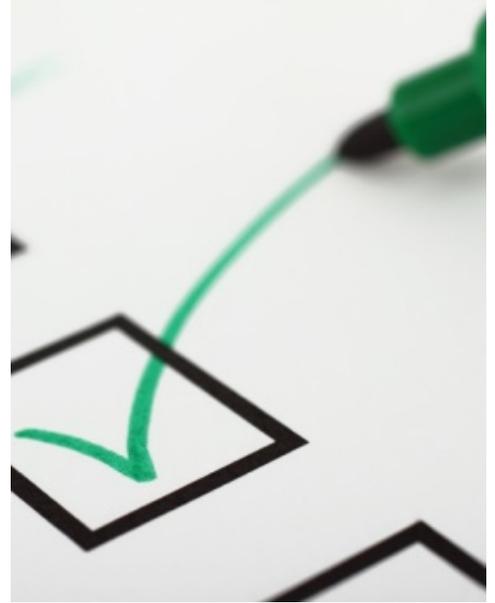
### STEP 3 – BUDGETING TIPS

- Eliminate small, unnecessary purchases.
  - Reduce utilities (i.e. cable, internet, cell phone plans)
  - Starbucks, soda, and snacks, they all add up!
- Use cash for YOUR problem categories- envelope method.
- Use budgeting apps on your phone or tablet.
- Budget meetings regularly - budgets are a working living document and should be adjusted and evaluated often.
- Save on food by eating out less often. Plan ahead and shop from a grocery list and meal plan.

### OTHER CONSIDERATIONS

#### REDUCE LARGER EXPENSES, THIS IS OFTEN MORE DIFFICULT AND PAINFUL!

- Refinance your home, pay down credit card debt.
- Downsize expensive vehicles for something more economical to buy and maintain.
- Smoker? Try to quit, both for your health and a healthier budget.



# AKT Wealth Advisors

## DON'T FORGET

- Budget for retirement savings too! Pre-tax contributions can help save money now, in the form of deferred taxes.
- Children's education - start learning about 529 plans and which one is right for you.
- Emergency savings account.

## EMERGENCY FUND

- Create a cash fund where you can cover necessary expenses in case of:
  - Job loss.
  - Unexpected medical or repair expenses.
  - Going on a vacation or purchasing a new TV is not an emergency! Instead, budget and save up for it.

## CAUTIONS

- Beware of disappearing cash.
- Beware of spending creep:
  - Don't spend that raise until you're sure you are ahead of inflation rates.
  - Use raises to catch up on and increase savings.
- Don't count on windfalls such as:
  - Year-end or quarterly bonuses.
  - Tax refunds.



By using these tips and keeping it simple, you have more control and power over where you spend your dollars. Making these small and some big changes can help you regain confidence in making the right financial decisions for your future.

*This is an informational fact sheet and is not intended to be a specific recommendation. If you are interested in exploring these strategies to see if they are applicable to your specific situation, please contact us. The information contained in this fact sheet is accurate to the best of our knowledge.*