

STARTING A HOUSEHOLD BUDGET

By Amber Kelly



Could you cover a financial emergency? According to recent research, many Americans can't, due to a lack of savings and rising debt.

If this sounds like you, it's time to start saving and paying down debt. The first step is to create a budget, which many people don't have because they think it's too time-consuming or intimidating. But the truth is that a budget can take as little as one hour to create and 30 minutes per month to maintain.

Here are a few steps to get started in creating a household budget:

Remember: This is a process. There's no right way to establish a family budget. The first draft of your budget may be way off. Every month, you'll adjust numbers and get closer to what you can maintain. Before long, you'll find yourself managing your money — instead of debt and emergencies managing you.

Determine current income and expenses. Gather your financial documents, such as bank statements, bills, pay stubs, etc. With this, you can identify approximately how much money is coming in and going out every month.

Track your spending. Beyond your fixed expenses and debt, where does your money go each month? Look at food, clothes, entertainment, subscriptions, etc. If it's too difficult or overwhelming to look backward, track your expenditures for the next 30 days. Then you can come back next month with a good idea of where your money has gone.

Establish spending boundaries. Now that you know where and how much you've been spending, it's time to set some boundaries. Be realistic: If you feel you will be successful setting smaller goals, start with those. Any step forward is progress.

Pay off debt. Debt is a tremendous burden, both financially and mentally. For now, start paying a fixed amount toward your debt, preferably more than the minimum required payment. As additional funds become available, use them toward the debt. Should you pay off your lowest balances or the debt with higher interest rates first? It really doesn't matter as long as you're following a consistent plan.

Establish an emergency fund. Tomorrow could bring a flat tire, broken water heater, unexpected illness or sudden job loss — and the worst way to pay for these emergencies is with a credit card. We recommend creating an emergency fund with enough money to cover three months of expenses. Doing so will allow you to cover emergencies when they pop up.

Evaluate and adjust. If your budget doesn't balance, don't fret. And definitely don't quit. Some months you'll need to make big adjustments to your budget, while other months might need small tweaks. And remember, you're using your budget to build a stronger financial foundation, one that can help you move closer to your goals.

At Global Wealth Women, we help women take charge of their finances. To find out more, visit globalwealthwomen.org or call us at **866-405-1031** for your complimentary consultation.



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