



INCREASING YOUR INCOME THROUGH INVESTING AND WORKING SIDE GIGS CAN MAKE BUDGETING EASIER.

CHIPPING AWAY AT DEBT SUCH AS CREDIT CARD BILLS AND STUDENT LOANS CAN HELP YOU GAIN CONTROL OF YOUR FINANCIAL FUTURE.



A
CRASH COURSE
IN
BUDGETING

BUDGETING

FROM GETTING OUT OF DEBT AND TRACKING EXPENSES TO SETTING FINANCIAL GOALS AND BUILDING YOUR SAVINGS, YOUR ESSENTIAL GUIDE TO BUDGETING

101



START AN EMERGENCY FUND! A LARGE UNEXPECTED COST SUCH AS A CAR REPAIR OR A MEDICAL BILL CAN WIPE OUT YOUR SAVINGS.

ONE OF THE BEST WAYS TO START BUDGETING IS TO TRACK YOUR EXPENSES AND CREATE A SPENDING PLAN.

TECHNOLOGY CAN BE YOUR BEST FRIEND WHEN IT COMES TO SAVING PRECIOUS DOLLARS. BUDGETING APPS AND COMPUTER SOFTWARE CAN HELP YOU PRIORITIZE EXPENSES AND KEEP YOUR SPENDING IN CHECK.



MICHELE CAGAN, CPA

Thank you for downloading this Simon & Schuster ebook.

Get a FREE ebook when you join our mailing list. Plus, get updates on new releases, deals, recommended reads, and more from Simon & Schuster. Click below to sign up and see terms and conditions.

[CLICK HERE TO SIGN UP](#)

Already a subscriber? Provide your email again so we can register this ebook and send you more of what you like to read. You will continue to receive exclusive offers in your inbox.

BUDGETING

FROM GETTING OUT OF DEBT
AND TRACKING EXPENSES TO
SETTING FINANCIAL GOALS AND
BUILDING YOUR SAVINGS, YOUR
ESSENTIAL GUIDE TO BUDGETING

101

MICHELE CAGAN, CPA

Adams Media
New York London Toronto Sydney New Delhi

CONTENTS

INTRODUCTION

CHAPTER 1: BUDGETING BASICS

WHAT BUDGETING IS (AND ISN'T)
USING YOUR BUDGET TO CREATE WEALTH
SETTING YOUR FINANCIAL GOALS
KNOW YOUR PRIORITIES
THREE MAIN STEPS FOR YOUR BUDGET
TRACK AND MEASURE YOUR SUCCESS
KEEP YOUR BUDGET FLEXIBLE

CHAPTER 2: KNOW WHERE YOUR FINANCES STAND

TAKE AN HONEST LOOK AT YOUR SITUATION
ASSESS YOUR ASSETS
LIST YOUR LIABILITIES
FIGURE OUT YOUR NET WORTH
KNOW YOUR CASH FLOW
TALLY YOUR INCOME
TRACK YOUR SPENDING

CHAPTER 3: HOW TO CREATE A LIVABLE BUDGET

THE BASIC BUDGET EQUATION
TWO WAYS TO BALANCE
SAVING IS YOUR NUMBER ONE EXPENSE
SET YOUR SPENDING PRIORITIES
SPEND LESS THAN YOU MAKE
SIDESTEP FINANCIAL QUICKSAND
AVOID THESE COMMON MISTAKES

CHAPTER 4: BUDGET MECHANICS

FIND YOUR BUDGET PERSONALITY
GO LOW-TECH
DIY SPREADSHEETS
SOFTWARE MAKES IT SIMPLE
BUDGET ON THE GO WITH APPS
AUTOMATE SAVINGS AND PAYMENTS

CHAPTER 5: EASY WAYS TO INCREASE INCOME AND TRIM EXPENSES

FOUR WAYS TO BOOST EARNINGS
INCREASE CASH WITHOUT WORKING MORE
KNOW YOUR SPENDING TRIGGERS
WATCH OUT FOR BUDGET BUSTERS
DOWNSIZE YOUR BIGGEST EXPENSES
REDUCE EVERYDAY SPENDING WITHOUT FEELING DEPRIVED

CHAPTER 6: TAKE CHARGE OF YOUR DEBT

RANK YOUR DEBT
ELIMINATE TOXIC DEBT AS FAST AS YOU CAN
PICK A PAYDOWN PLAN
WIPE OUT CREDIT CARD DEBT
SHRINK YOUR STUDENT LOANS
REFINANCE YOUR MORTGAGE

CHAPTER 7: BUDGET REBUILDING EVENTS

YOUR FIRST JOB
GETTING MARRIED
BUYING A HOUSE
HAVING KIDS
FINALLY DEBT-FREE
GETTING DIVORCED
NEARING AND ENTERING RETIREMENT

CHAPTER 8: DON'T LET EMERGENCIES DERAIL YOUR PLANS

BOUNCE BACK FROM FINANCIAL DISASTER

CREATE AN EMERGENCY BUDGET
KEEP INSURANCE TO PROTECT YOUR FINANCIAL FUTURE
REBUILD SAVINGS
REPAIR DAMAGED CREDIT
RETURN TO YOUR REGULAR BUDGET

**PHOTOGRAPHS
ABOUT THE AUTHOR
INDEX**

INTRODUCTION

If the word budget makes you cringe, you're reading the right book. Old-style personal financial advice equates budgeting with constant expense tracking, deep cost-cutting (mostly of all the fun stuff), and a lot of math. It sounds boring and frustrating, and no one (including me) wants to do it.

The truth is that budgeting doesn't mean sacrifice; it means choice. A budget is a plan for your money that will let you take control of your finances so that you can have all of the things that you want, whatever they are. You can gear your budget toward the life you want, whether that includes ironclad financial security, the freedom to ditch your job and travel the world, or resources to buy your dream house and start a family.

Budgeting is about designing a road map to financial security and prosperity. Sometimes that path includes cutting back on expenses (especially the ones that aren't bringing you any benefits); other times it creates space for major life changes (like buying a house). It's a way to tap into your resources wisely and transform them into future wealth.

More than all of that, it's a way to take the anxiety out of money management: instead of stressing over every bill that comes in, for example, you'll already have figured out exactly how to pay it. You'll have a plan for eliminating the debt that's been keeping you up at night. You won't have to worry about whether or not you'll have enough money to fund your retirement. That financial confidence will help you overcome the challenges that have been keeping you from getting ahead and accumulating a healthy nest egg.

To get to the financial destination you want, though, you need to know where you're starting from. You'll use that information to set a course that will help you reach your goals. Your budget will act as the GPS, giving you directions and

rerouting you when detours pop up so you can get wherever you want to go.

Chapter 1

Budgeting Basics

Most people have the wrong idea about budgets. They think they're all about eating no-brand ramen noodles in the dark to save money and keeping endlessly detailed records of every penny spent. The real point of a budget is to make sure you're never in a position where ramen noodles are all you can afford to eat or you're praying your power doesn't get shut off because you couldn't pay the bill.

In this chapter, we'll expose budgeting myths, take a look at budget reality, and reveal the best way to make this personalized money plan work for you. With this powerful tool, you'll be able to build wealth, meet and exceed your goals, and be ready whenever unexpected financial setbacks occur.

WHAT BUDGETING IS (AND ISN'T)

A Money Plan . . . Not a Magic Potion

The right budget is a game plan for your money that assigns specific jobs to every dollar, whether that job is to pay the electric bill, buy this week's groceries, or beef up your 401(k) account. That plan helps you direct cash toward your financial goals, from paying cash for your next car to funding a destination wedding to enjoying a stress-free retirement. A budget lets you decide ahead of time what you want to do with your money instead of spending randomly in ways that undermine your plans and leave you with a mountain of debt.

What budgeting won't do is magically and instantly solve all of your money problems. It's not a quick fix or a perfect formula. But with time and focus it can move you out of a monthly money crunch and toward financial freedom and prosperity.

A Small Leather Bag

The word budget comes to us from fifteenth-century France, where a bougette was a little leather bag or pouch that was used to carry money (sort of like a wallet). After a hundred years or so, the word morphed into budget and began to refer to the money inside the pouch.

Bottom line: a budget tailored to your life—as opposed to your life tailored to a budget—can help you spend consciously, dig out of debt, and build substantial wealth.