

Budgeting

Finances and budgeting come down to a few simple things...

1. **EARN MONEY.** Be sure to withhold enough taxes from your paycheck so that you don't owe money at the end of the year. Although it's not recommended consider taking it one step further by withholding even more taxes. Getting a big tax refund is a good strategy for those who spend too much at Christmas time.
2. **PUT 10% OF YOUR EARNINGS INTO A RETIREMENT ACCOUNT.** Do this automatically, every week if possible but at least every month! Skip this step and you will most likely work until the day you die. Delay this step and you will be working as a 70-year old, wishing you had saved when you were a 20-year old.
3. **BUY LIFE INSURANCE.** Don't complete this step until you are married or buy a home. The policies should be *term*. The death benefit should be equal to 10 times your annual earnings. The policy should last until your youngest child's 23rd birthday...*if you don't have kids OR are not done having kids, estimate this date.* Increase this coverage every five years as your earnings go up.
4. **BUILD A CUSHION ACCOUNT.** Save 2 months-worth of earnings into a *Cushion Account*. Use this account for special times such as paying property taxes or buying Christmas gifts. Many people are not sure when to "cut back" ... this account will tell you when it's time to cut back. If you take money out of this account, you need to cut-back until it is fully funded again.
5. **BUILD AN EMERGENCY ACCOUNT.** Save 3 months-worth of earnings into an *Emergency Account*. Never touch this account! Pretend like it's not there. It's intended for the unforeseen... loss of a job, serious illness, etc.
6. **THE MOST IMPORTANT THING...** Whatever money is left over after steps 1 through 5 goes to pay all the other stuff in your life... if you don't have enough money for all the other stuff, then you have too much other stuff in your life. If this step is too hard, ask yourself a few questions...
 - Do I really need to the nicest phone?
 - Do I really need that many purses, golf clubs, fishing poles, shoes, etc?
 - How many cable, dish, streaming services do I need?
 - Can I afford the car I have? How long can I keep my car?
 - Can we afford the place we live in?
 - Do I spend too much on clothes for myself and my kids?
 - How often do we go out to eat?
 - How much do my habits cost me?
 - Do I have a budget when I walk into Walmart or the grocery store?