



Making Friends with Your Budget

Overcoming frustrations

Have you ever felt there is too much month left at the end of your paycheck? Many people would like to experience the benefits of budgeting. Who would not want that feeling of being on top of it all—of knowing that all essential bases are covered and that you can write a check knowing the money is there? Why then do we feel so discouraged and even alienated when it comes to budgeting? Is it because we have tried it and failed? Here are some reasons why budgets don't work and some ways to overcome them.

The budget is not really wanted

Subconsciously, budgets may not really be wanted because they are viewed as constricting rather than freeing. Budgets remind us that we have limited income and specific obligations. And like the ostrich with its head in the sand, some people feel a greater freedom in not knowing what constrains them—at least until the bills arrive.

To be successful, make sure you really want to budget. A budget is a great tool to make ends meet during difficult times or to get back on track when your finances begin to wander aimlessly. A budget can help you adjust to new situations and take advantage of new opportunities. Even temporary use of a budget can make a big difference in getting you on track.

The budget is not based on agreement

Spouses and other family members may have very different ideas about who gets to spend what income and on what. Without mutual agreements and shared understandings, no budget can withstand the confusion, mistakes, and lack of direction that could follow.

Successful budgets are based on fundamental agreements that are understood and abided by. Agreements should be clear, fair, and easy to follow. A family meeting may be needed to arrive at such agreements and to discuss the implications for all involved. Even if you can't get 100% agreement, it is still better to know who agrees to what than to have no idea who can be counted on for anything.



The budget is not well designed

Budgets that are poorly designed are doomed to failure. Poorly designed budgets can overestimate income, underestimate expenses, or fail to account for occasional, unexpected, or miscalculated expenses. Using a budget that is inaccurate or unbalanced is like pushing a train after it is off the track. It will soon grind to a halt.

Successful budgets have a built-in spending cushion that allows for surprises, mistakes, and needed adjustments. If your planned budget accounts for all of your income, you will undoubtedly run short of money sooner rather than later. Before this happens, establish a spending cushion (between income and expenses) of 10–15 percent of net income. This can be done by reducing expenses, including debt payments, or increasing income so that you will be able to handle both unbudgeted expenses and monthly fluctuations.

The budget is not well implemented

To stand half a chance, a budget must be carried out in a way that is orderly but not stressful. Implementation should not be so slavish that the budget becomes a hostile dictator rather than a helpful guide. Nor should it be so lax that essential obligations and desired goals are not met.

Successful budgeting means that your plan is followed to a degree that achieves the goals you have set for it. Perfect discipline is not required. But good budgeting does require a workable plan and commitment. Make your budget what you want it to be. If you design it as a compass, it will point you in the right direction. If you design it as a path, it will show you the way. And if you design it as a tunnel, it will keep you focused until you reach the light at the end. After all, budgeting is what you make of it.

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