



Consumer Tips from Your Community Banker (February 2014)

Quarterly Review Can Keep Your Budget on Track

"A family budget needs to be frequently updated in order to remain relevant and useful," says Community Bankers of Wisconsin President and CEO Darryl Lund. From Wisconsin's propane shortage to post-holiday gift expenses to unexpected health costs, budget breakers can test the most carefully thought-out spending plans.

February is an ideal month to review your personal budget. You have a good idea about the impact of any year-end expenses and may be gathering the documents needed to complete your 2013 income tax returns. It's a good time to assess the past year and determine where your budget needs tweaking.

If you've never created a family budget, now is a great time to develop one. Start with major monthly expenses like a mortgage payment or rent, insurance, utilities, and a car payment. Then add all those recurring expenses that can quickly add up: phone, cable, groceries, gasoline, and restaurant meals, to name a few. Remember to include regular payments on any credit card or other debts. Don't forget a few little luxuries that help keep you sane and healthy, and remember to include the small necessities (tools, garden and household supplies). Add in gifts and a sum for miscellaneous expenses, and set aside an amount for savings. A financial cushion will head off problems and give you a feeling of security.

Chances are, when you first add up your expenses, they will be greater than your income. Not to worry.

This is where the quarterly budget review comes in since a budget is only useful if it's current. A regular budget review can help you address new financial challenges or take advantage of job promotions, windfalls, or other positive developments.

If your review reveals a monthly shortfall, look at any costs that can be cut or decreased. Maybe you no longer need a landline or more clothes in your closet. Maybe you can forgo a vacation. Can you drop your gym membership and instead expand a garden? What about taking the kids on a hike instead of to a movie? Brainstorm with other family members to create a budget that will work for everyone.

Look at ways to increase your income, even temporarily, until you pay off a credit card or reach a savings goal. Would you enjoy a part-time job? Is this the season to finally clean out the garage with a sale?

Have you been planning to grow a hobby into a business? There's no time like the present to create an inventory and sell your creations at local fairs, on www.etsy.com or other online venues. Maybe you would enjoy tutoring or offering workshops at your local library.

The possibilities are endless. Commit to a regular budget review to keep your budget—and your life—in shape.

To learn more, visit: http://www.wdfr.org/ymm/wellness_checklist.htm, <http://fyi.uwex.edu/toughtimes/>, or <http://www.smartaboutmoney.org/>.