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## Practical Tips for Your Entire Budget

This chapter contains some basic tips that can be used for any portion of your budget. Many of these tips are explained even more in-depth in the chapters that follow. Use this chapter as a quick-reference guide for things you can do right away to help your financial situation.

### Set Up a Budget

The first and most important thing to do is to set up a budget. A budget helps you plan ahead of time where your money will go every month so you don't spend more than necessary on each type of item or service you pay for. It's not as scary as you think and can actually be quite freeing. When you know where your money is going every month, you'll be pleasantly surprised to find out how quickly you can pay down your debt and still have spending money each month to do something fun.

This does not have to be complicated. Simply tally up the total income in your household, and then list your major expenses: housing, food, clothing, transportation (car loans, gas and insurance), health insurance, etc. If you need help setting up a budget, there are many good books available from your local library with sample budgets in them. There is also a sample budgeting sheet in the *Appendix* of this book. Just plug in your own numbers. You can also contact an organization such as *Forward Financial Group* for assistance in setting up a budget and financial counseling. Their services are free to you and can help your finances immensely. See the *Appendix* for their contact information.

The absolute most important thing to do is to stick to your budget, even if you have to sacrifice some things you enjoy in the process. The sacrifice made now will lead to appreciation and freedom later.

## Learn to Live Without

Probably the next biggest thing to learn is how to live without. In our society, we're bombarded with the idea that we "need" this brand or we "need" that item. The truth is, all we need is a roof over our heads, food, clothes to wear and a way to get to work. We actually don't need that special piece of furniture, the hottest new cell phone or that trendy outfit.

**Survival**  
Tip

*All we need is a roof over our heads, food, clothes to wear and a way to get to work.*

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This is going to be the hardest thing to get around, as it is purely an attitude change about your current lifestyle. Once you've changed your attitude toward the things you own and want, you will be amazed at the freedom you feel. You may even end up giving away or selling some of the things you've accumulated, thus helping other financially burdened families in the process. When we're too attached to "stuff," we often miss the important things in life. As you read this book, many of the suggestions will be humbling or require this attitude change.

## **Cut Up the Credit Cards**

The third most important thing to do is cut up your credit cards. At one point in time, I had over ten cards in my name. I promptly cut up all but one so I wouldn't use them anymore. Then when the statements came, any accounts with a \$0 balance I closed right away. Having fewer open revolving accounts, such as credit cards, looks better on your credit report and will help you get a better deal on needed things such as a house or car purchase when the time comes. It also will keep you from the obvious—spending more. Keep one card out for emergencies only, but don't put it in your wallet. Rather, store it somewhere safe at home so you aren't tempted to put a new purchase on that card.

## **Build a Cash Reserve**

The next most important thing to do is start building a cash reserve. Financial experts recommend you have six months' worth of living expenses saved up in a cash reserve "account," but let's be practical. If you're hardly making ends meet as it is, it will take you forever to save up that much money. Instead, start with a small goal of \$500. Keep making

minimum payments on your debts and save any extra at the end of each month until you reach this amount. Then leave it in your checking account or move it to a savings account that you can withdrawal from quickly. This will become your emergency fund. It's the same concept of an emergency credit card, only you'll be borrowing from yourself so you won't have any interest to pay. Once you reach that \$500 amount, do it again until the reserve is at \$1,000. Your ultimate goal should be to have \$2,000 in your emergency cash reserve because this is typically the cost of a major car repair or a new appliance.

## **Join Freecycle**

A great place to find items you need, but don't have to pay for, is Freecycle. Freecycle is an online community with email groups in most states and major areas. If there isn't one in your area, it's easy to start one. At one time I got almost one-third of my wardrobe and half the furniture in my home off of Freecycle.

Here's how it works: it's set up by Yahoo! Groups®. Go to <http://www.freecycle.org> (not .com, that's a different site) and click on your region. Search for your state and the nearest city, and then follow the instructions for joining the group. Within a couple of days, you should start receiving email from people offering free items and asking for items. Everything from clothing to furniture, cars to computers is offered 100% free. You have to schedule a time to meet the person and pick the items up or have people pick up items from you. You can meet at one of your houses or a neutral location such as a store parking lot. I've done both and prefer people to come to my house to pick up items as it saves me time and gas.

There are some group rules for posting, so be sure to read the introductory email the group moderator sends you. Usually you have to post an item for free before you can ask for needed items. You'd be amazed what people give away. Here are just a few of the items I've received: brand name clothes, solid wood furniture, a brand new Thomasville loveseat, office supplies, craft supplies and more. I've even heard of people who gave away garage doors, sheds and entire swimming pools!

There are also many needy families who are members of the group, so be sure to skim the "wanted" postings for a chance to bless others and free up living space in your house.

## Go Yard Saling

Anyone who's seen *Antiques Roadshow* on TV knows the value of yard sales. You can find many treasures there. You can also find needed items, especially furniture and clothing. If you're in need of something, check out your local yard sales. Carry only cash so you aren't tempted to write a check for more, and treat it like the grocery store: carry a list of things you're looking for. Some self-control is required here. Don't allow yourself to spend any money on something unless it's on your list. If you've gotten everything on your list and still find great deals on other items you can use, you can go ahead and get them—*only* if you still have cash left.

### Survival Tip

*Carry a limited amount of cash with you when you go to yard sales so you're not tempted to buy more than you need.*

If you find something you can't live without, but it's not on your list, ask the owner if they can hold it for you for a couple of hours. Tell them if you're not back by a certain time, they're welcome to try to sell it to someone else, but you have some much needed items you need to get first.

Another trick, which is rather risky, is to scout out the sales early, make a note of items you need at different addresses, then go back late in the day when they're more likely to be talked down in price. When it comes to furniture, most sellers won't want to move it back into their house if they don't have to. So if it's still there at the end of the day, you can bargain with them and they're usually much more willing to accept your offer. The risk is that it may not be there when you return. So if it's something you desperately need, go ahead and try to talk them down in price a little and get it first.

## **Keep a Wish List**

As mentioned throughout this book, one of the best ways to get things you need is to ask for them for Christmas, birthdays, and anniversaries. By doing this, you will get items you need for yourself and your family—items you can use. Many times we send out a “wish list” to our loved ones for Christmas and birthdays, and you can do the same. On that wish list, put clothing items you need, even something as simple as socks or things for your house you're in need of.

You'll be much happier receiving things you can use than unnecessary things you want that may sit on a shelf getting dusty for awhile after you've used them once or twice.

## Host a Party

You may often need or want items from direct sales businesses such as Pampered Chef, Partylite, and Tupperware, but your current budget doesn't allow room for these purchases. Can't buy it? Host a party! In our situation, my husband is the cook and absolutely loves the quality of his kitchen utensils. Since we couldn't afford to buy them new, we hosted a couple of direct sales parties.

Start by finding a consultant in your area who sells the items you're looking for by doing an internet search for the company. Most direct sales companies have a consultant search feature on their websites and make it easy for you to find a consultant in your area. Contact them to set up a party. They will guide you through the process and should make it easy for you. If it's a kitchen party, they will probably ask you to provide the ingredients, but that is a small investment compared to what you'll get out of it. Make a list of needed or wanted items in advance of the party so you'll know what to look for. Usually they also throw in a gift for the host, so find out if that gift can be one of the items on your list.

Invite everyone you know to the party, even if you don't think you'll have room. Chances are, many people won't be able to make it. If they say they can't make it, give them a catalog and order form and tell them if there's anything they want, to send in their order and you'll be sure they get it. You will receive "points" for each dollar someone spends on products at your party.

If you invite others who cannot afford the products, encourage them to sign up for their own party while there. You'll usually get even more points if someone signs up to host a party through your event.

With the points you've earned, you can purchase your own needed items. Consult your list and choose the most important items first. I actually threw a party for my husband's birthday, so I also told everyone present that if they wanted to get him a birthday gift, pick something off of our wish list. Not only did that give him a needed item, but it also gave us more points to work with and slimmed down our list quite a bit. We did not have to buy anything out of pocket for our kitchen for the first five years we were married since we had gotten everything we needed by hosting a party or as gifts.

## **Avoid becoming Overly Involved**

Activities can be very expensive. Students often want to be involved in everything schools offer from clubs to sports, music to special events. Even adults experience expenses in hobbies and activities outside of work—sometimes even inside work. The easiest way to combat the problem of over-involvement is to pick one activity and stick with it for a season or a year. By choosing your favorite activity to do, you not only get skills in that one area, but you save a lot of money on travel, equipment, lessons, etc. This method of decreasing your expenses is discussed more in-depth in *Chapter 11*.

# Survival Kit

- Set up a budget.
- Work on your attitude toward needing, wanting and accumulating “stuff.”
- Join Freecycle.org
- Add needed items to your wish list and share it with others.
- Host a direct sales business party.
- Pick one activity to be involved in and stick with it.