

# Do you make these mistakes with your household budget?

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Budgeting is hard and quite frankly, it isn't much fun. Yet for those of us who find ourselves barely getting by each month, a disciplined approach by way of a household budget is the solution. Before we discuss specifics, let's cover a few basics.

## **Avoid Impulse Purchases**

Many people rack up debts by making impulse purchases. These are the types of purchases that can be rather expensive, are rarely practical and are often not necessary. These purchases lead many people onto the "debt treadmill" where they are forced to keep paying a minimum balance and never seem to get caught up. By avoiding these purchases, you can pay down existing debt, be prepared for emergencies or save for future expenses.

## **Avoid Making Minimum Payments on Credit Cards**

The biggest trap that people fall into is paying only the minimum balance on their credit cards. This is how the credit card companies make money off of you!!!

The reason is that you are paying mostly the interest off the balance; the balance still remains to be paid. If you are only making your minimum payment you are just throwing your money out the window because you are not making any headway on the principal balance.

Pay more than the minimum each month. This will allow you to pay off the balance quicker and start using that money that you are paying on interest for other expenses or savings.

## **Avoid premium purchases**

Try to avoid making premium purchases for everyday items like aspirin, paper towels, soda, etc. Plan a trip to the grocery store, create

a list of items you will need and look for bargains, specials or discounts.

### **Track your spending**

Start paying attention to where you are spending money. Track your cash expenditures as well as your credit card expenses. Get receipts for everything you buy, even that cup of coffee in the morning or that quick stop at the gas pump. At the end of the month, gather all your receipts and sort by category. Total your expenses; you'll be amazed at just how much you are spending on little impulse items (see the first point above).

### **Conclusion**

These are a few areas that you can start with to improve your financial outlook. If you can avoid some or all of these pitfalls it can lead to financial freedom. If you are in debt and would like to find out more about the options available to you. Give Amicus Curia a call at **(360)427-3599**