

---

## Balancing the Budget

Where did all my money go? It's a common question. And the easiest way to find the answer is to establish a simple budget. You don't need an accountant-most of the information is available at your fingertips already.

---

### Expenses

- **Locate where it all comes from.**  
To create a budget, start by listing all of your sources of income, including jobs, scholarships, loans, and gifts from parents. Be sure to list after-tax figures. Don't count income you can't count on. Estimate on the low side.
- **Recap your expenses from the last few months.**  
Now, gather up your checkbook register, card statements, receipts, and bills. Then list your expenses for an average month.

Start with your fixed expenses-those that don't change from month to month. Car loan payments and rent are two typical fixed expenses. You may want to include periodic expenses (those that are paid less often, such as life insurance payments or tuition) by dividing them into monthly costs.

Then figure in your variable expenses like phone or utility bills, transportation, groceries, eating out, clothing, and entertainment. For the most part, you have some control over these expenses, and they may change from month to month. Find the average. Include a figure for that pocket cash that seems to just "disappear."

- **Do the math.**  
Subtract your expenses from your income and you should have your budget starting point.

If the sum is below zero, it's time to trim spending from your variable expenses. With a little creativity, you can usually cut entertainment or other expenses without really noticing.

And don't forget: **Every budget should set aside at least 5 percent of your net income for savings.** That way you'll be prepared for that jacket that finally went on sale... an unplanned auto repair... or a well-deserved vacation in the future.



---

## Credit Rules of Thumb

With college loans, car payments, and credit card balances, it's not difficult to become overwhelmed. How much debt can you handle? **Use the 20/10 Rule as your guide.**

Never borrow more than 20 percent of your annual net income (after taxes). For example, if your annual net income is \$9,600, your maximum safe debt load is \$1,920.

Your monthly debt payments should never be more than 10 percent of your monthly net income. So if your income is \$800 a month, your monthly loan payments shouldn't be over \$80.

---

## Take Some Advice from Card Payments

- First, if you want to cut down on expenses, consider the difference between your needs and your wants. "Do I really need this?" is a great question to ask before you dash to the checkout counter.
- Second, always try to make more than the minimum payment on your card balance. Low minimum payments are designed for your convenience but not for quick payment of your balance.
- Third, avoid reaching your card's spending limit. Keep a portion of your credit available for emergencies or unplanned expenses.
- Fourth, don't forget that any purchase made with your card that you do not pay off right away will cost you more than the original price. How much more depends on how long it takes you to repay the charge and your card's interest rate.



**Payment cards are supposed to serve you, not the other way around.** Use a balanced budget to help you manage your expenses along with your credit for a financial future that's worth having.

*Source: Academic Tips. (n.d.). Credit card tips: Balancing the budget. Retrieved October 31, 2006, from <http://www.academictips.org/career/budget.html>*

### About MINES & Associates

For over 25 years MINES & Associates has been a nationally recognized business psychology firm that provides a variety of services to corporate employers including employee assistance programs (EAP), managed mental healthcare, organizational development and psychology services, wellness programs, behavioral risk management, disease management, PPO services, and a number of other technology based services. MINES & Associates is divided into two main divisions, Organizational Psychology and Health Psychology, and currently serves a diverse portfolio of clients in all 50 states, Canada, Mexico, and the UK. Please log on to <http://www.minesandassociates.com> for the latest news and information on MINES & Associates.