

MANAGING YOUR MONEY

Be A Smart Shopper: Plan, Spend And Save

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(NAPS)—No matter what your financial situation, it's always a good idea to keep in mind that there are ways to spend without breaking the bank, and ways to plan ahead to save for the big purchases. A good starting point is to



ask yourself how much you spent last year on such items. Do you have a specific amount of money that you want to spend this year?

Nothing erodes extra cash more than impulse buying.

As a financial planner, I ask my clients to tell me their budget in advance. We plan first, then spend. These are simple tools, but they can go a long way toward helping you spend money wisely and possibly even save some, too.

Hopefully, you have some kind of spending plan in place for 2009. If not, then this advice will come in handy as you plan your shopping trips now and throughout the year. When building a budget, there are three kinds of expenses to track:

- **Fixed expenses.** These happen every month, like rent or a car payment, and they're usually the same each month.

- **Variable expenses.** Like fixed expenses, these happen every month, but they vary with usage or the season. Examples include food, utilities and gasoline.

- **Discretionary expenses.** These are up to us to choose how much we want to spend, and how frequently. This is where special-occasion spending gets a line item in your budget. And by budgeting your special occasion or seasonal

spending in advance, you will save yourself hundreds, if not a thousand dollars or more.

Even if you don't know exactly what you want to buy, you can still plan your spending. Just think about how great sticking to your budget would make you feel afterward. You will have shopped carefully and cleverly for each gift recipient, giving them something they loved, and you'll be able to do it without going over budget or spending money you don't have.

Planning Your Spending

To begin building a special-occasion budget, first set aside an amount that you think you can spend. For example, let's say you want to spend \$400 on birthday gifts over the course of the year. Next, count the total number of people you will be buying gifts for, remembering friends as well as family.

For this example, let's say you have one sweetheart, three family members and four friends to buy for, or eight people total. You can divide your \$400 by eight and commit to yourself that you won't spend more than \$50 per person. Of course, your special someone is likely to get the bulk of the amount for his or her birthday, so maybe you want to spend \$250 on him or her, and the rest on the others. That's an easy fix; you can portion the amount per person any way you want, as long as it adds up to your total budget amount.

Next, make a list of potential gifts for each person, put in the price tag numbers and add up your total. Did you keep to your \$400 spending budget? If not, it's time to reconsider your gift ideas.

Now that you have your list together, shop early. You won't overpay at the last minute be-

cause you're under a time crunch. Plus, shopping early will allow for more options and selection.

Don't feel pressured to spend the entire \$400 at once over a few days of shopping. After all, you'll need your paycheck to keep paying your fixed expenses. It's okay to set aside a modest amount from each check and do your shopping periodically, scanning for good bargains and just the right gift for a special loved one. If you haven't shopped early in the past, now is the perfect year to start.

The moment has finally arrived where you've budgeted, saved and scouted all the birthday gift goodies. So how should you pay for your gifts? Where possible, spend your own money, whether it's cash in your pocket, a debit expenditure or a check from your checkbook balance. Spending your own money in a responsible way will help avoid the need to make large payments when next month's bills arrive. My advice is to only charge to a credit card the amount of money you can pay off each month. That's being a smart shopper.

Debit card transactions are not only convenient, but with online banking, PIN debit transactions are recorded nearly instantaneously and let you see where your balance stands every night. Debit card transactions let you track your finances daily and assess how you're doing with your \$400 allocation.

The bottom line: If you save around \$150 on birthday shopping, and then save that much every month for the next 40 years, investing it at a 10 percent tax-deferred return, you will end up with more than \$1 million! You'll become a millionaire, and it all starts with becoming a smart shopper.