



Taking Control Of Your Spending: Budget Basics

by John Addison

(NAPSA)—If you are like most people, you find that you often spend money on things that you really don't need.

Another way to look at it is that you don't really manage the money you have, you just spend it as expenses come up.

Either way, it means that your spending is in control, not you. One time-tested way to take control of your money is to create a budget and follow it.



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If you are new to the budget process or you have tried it in the past without much success, here is one approach:

Creating a Budget: Deciding on Where the Money Goes.

Budgets tend to shine a light on one tough rule of life: You can't have everything. For example, here is one budget that puts a priority on housing:

- **35 percent for housing**—Spend no more than 35 percent of net income on housing. That includes mortgage or rent, utilities, insurance, taxes and home maintenance.

- **20 percent on transportation**—Spend no more than 20 percent of net income on transportation. That includes car payments, auto insurance, tag or license, maintenance, gasoline and parking.

- **20 percent on other things**—Spend no more than 20 percent of net income on all other expenses, including food, clothing, entertainment, child care, medical expenses, tithing and charity.

- **15 percent on debt**—Spend no more than 15 percent of net income on all consumer debt: student loans, retail installment contracts, credit cards, personal loans, tax debts and medical debts.

- **10 percent on savings**—Save at least 10 percent of income through your working life.

Does your budget reflect your goals?

Often, those who are successful at sticking to a budget view it as a way to achieve a goal, either long term or short term. Setting goals gives you two things: an incentive to make necessary sacrifices and benchmarks along the way to gauge the progress. The budget becomes a type of road map that can lead you to your goal.

Learn More

Financial professionals at Primerica have created a guide that can show you how to take control of your financial life. To get a copy of "How Money Works," write to Primerica, 3120 Breckinridge Blvd., Duluth, GA 30099. ATTN: Corporate Relations, or call (770) 564-6329. For more information, visit www.primerica.com.

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