



5 tips for creating and sticking to a budget in the new year.

A new year is a great time to turn over a new financial leaf, and set some guidelines and a budget for yourself when it comes to spending.

The key to a good budget is including as much information as you can, so that you can adequately prepare and plan. It's important to keep accurate records of your spending so you'll spot places where you can save money and know how much you can reasonably spend.

The American Bankers Association offers the following points to consider:

What is your current income? The first step in creating a budget is to total all of your income, or money coming in. We recommend you do this on a monthly basis. Include only your take home pay (this is your salary minus taxes and deductions). Your income may also include tips, child support, investment income, etc.

What are your monthly expenses? Next, you'll need to track your expenses, or money going out. Some of your bills will vary from month-to-month, so use a monthly average. For example, if your cell phone is

\$45 one month and \$55 the next, estimate \$50 per month. For annual bills, divide the yearly cost by 12 for a monthly figure.

How much of your income should be spent? Rent or mortgage payments plus your credit obligations should not exceed 35 to 40 percent of gross monthly income. The amount you owe on credit cards, monthly car payment, student loans and other monthly payments should not exceed 10 to 15 percent of your take-home pay.

Put it in writing. Document and categorize your expenses. Tally up everything you spend money on. Don't forget your daily coffee or snacks. Those can add up quickly!

Do the math. The last step in creating your budget is to total all of your expenses and subtract them from your total income.

You can take charge of your finances and your life by setting financial goals, planning a budget and sticking to it.

(From the American Bankers Association)

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