Q: My partner and I never seem to be on the same page with budgeting. My partner wants to save for retirement, and I want to enjoy our money now. How do we bridge this?

A: The first step is to talk about your goals and values. Discuss your partner’s dreams for retirement, and what you need to save to reach those dreams. Also take time to discuss how you view “enjoying your money now” and why that’s a priority for you. It is important for each of you to see where the other is coming from and to feel heard.

After you both have a clear understanding of the other person’s perspective, it will be easier to put together a plan to meet both goals. In most families, one partner tends to take the lead on financial matters with varying levels of involvement by the other party. While there really is no wrong or right way to set things up, it is important that you both have a hand in deciding on the plan and putting it into action. Then the plan becomes a shared mission, as opposed to one person imposing the plan on the other. That joint approach will greatly improve your chances of success.

When creating the plan, start with a budget (or “spending plan” if you prefer that phrase. See the main article in this newsletter for more on that.). Many people I counsel see a budget as the enemy, but it plays a vital role in getting you where you want to be. A well-constructed budget will allow you to cover your essential living expenses, repay debt obligations, save for both emergencies and retirement, and include a little money for the things you enjoy. And even though it may not be fun to create, you’ll find that there is peace of mind in knowing you are setting yourself up well to meet your financial goals.

Developing the plan is crucial to

How to Develop an Effortless Budget You’ll Stick To

Budgets are about deprivation and discipline. No wonder they’re hard to stick to. Because the last thing you need is another source of guilt, here’s an idea: Don’t make a budget. Make a spending plan instead.

When resolution time rolls around, if your goals for 2016 include establishing a budget, here’s some advice: Don’t.

In fact, don’t ever use the word “budget” again. Like “diet,” budget is a word that screams deprivation. It implies that by forgoing spending on things you want, you’ll position yourself to somehow be better off. But how can you be better off when you’re missing out on the things you want?

Diets and budgets smack of discipline as well as deprivation — “white knuckling” yourself to a new and better you. Sound like fun? No wonder most of us can’t stick to either one for very long.

Here’s a better idea: When it comes to money, instead of a budget, create a spending plan — something reflecting how you’ll voluntarily choose to allocate the resources at your disposal to more closely mesh your internal desires with your external results.

Starting At the End.

A spending plan does the same thing as a budget. You’ll establish your goals for each spending category. You’ll track your expenses. You’ll compare what you spend with your goal for each category, fine-tuning and trying to improve next week’s or next month’s results.

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EAP

The Village Employee Assistance Program

February 2016

Keeping In Touch

By Alicia Kellebrew, Certified Financial Professional

The Village Financial Resource Center

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How to Develop an Effortless Budget You’ll Stick To

Budget, Back Page

“Keeping in Touch” is a monthly publication for employees covered by The Village Employee Assistance Program (EAP) through their employer’s benefit package. If you have questions about your EAP benefit, or if you would like to access services, call 1-800-627-8220.
The only difference between a spending plan and budget is where you start the process. With a budget, you start with numbers. Spending plans start in your head.

To start your spending plan, imagine you’re on your deathbed, reliving the happiest moments of your life. Maybe they include things like laughing with your wife, watching your kids grow up, winning an award, a trip you’ve taken, adventures you’ve had, or the people you reached out to and made a difference for.

Then imagine the regrets you might have, things you wanted to do but somehow never got around to.

The purpose of this mental exercise is to reconnect with the unique things and experiences important to you. The purpose of your spending plan is to make your list of happy moments longer and your list of regrets shorter.

If your dream is to take a hot air balloon ride over the Serengeti, or swim with dolphins, your spending plan is how you’ll get there. If it’s to spend more time laughing with those you love or helping those in need, it will deliver.

By starting at the end, your spending plan is no longer about deprivation or pinching pennies. It’s about achieving your dreams. You’re not depriving yourself, you’re choosing to spend less money on things like groceries, insurance, and cellphones so you can spend more time doing what makes you happy.

**Having a Happier Life Isn’t a Chore**

Most people spend their lives running like a hamster on a wheel to keep up with their bills and the Joneses. They do what the commercials tell them to do, fill their homes to the rafters with meaningless crap, then end up wondering where their lives went. Along the way, they do things like go on diets they don’t maintain and make budgets they don’t stick with.

You’ve got enough sources of guilt in your life without adding another. Instead, do something that will make tracking your expenses, spending less, and saving more compelling. All you have to do is refocus on your dreams. Determine what you want from life, then build a plan — a spending plan — to achieve it as soon as possible.

And if this sounds like new-age babble, consider this: About 25 years ago, I realized it made me happy to teach people how to manage money and avoid getting ripped off. So while my stock broker peers bought the biggest houses and newest cars their incomes could afford, I kept my old house and car and put away money.

You’re now reading the results. In 1991, I started a TV news segment called Money Talks News. Since then, I’ve been living my dream, both on air and, more recently, online.

I didn’t get here with a budget. I got here by realizing what I wanted my life to be about, then tracking my expenses and saving where I could to make it happen. Not because I “should” or because it was the “sensible thing to do,” but because I was compelled by my dream to achieve it at the earliest possible moment.

What’s your dream? Make 2016 the year you start achieving it by thinking it through and developing your own personal spending plan to get there.


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