
Random Sampler

Beginning Budgeting

Carolyn C. Williams, "Beginning Budgeting," *Ensign*, Apr. 1997, 71

Many people who successfully manage their finances have learned to budget. However, Jared and Kristy, a newlywed couple, weren't convinced that a budget was necessary. "We felt we had so few expenses that we didn't need to budget," said Kristy. The two of them decided to conduct an experiment. For one month they agreed to keep all of their receipts and see how their money was spent.

"At first it seemed like a nuisance. I didn't think I spent much money," admitted Jared. "When the month was over, we were amazed to find that we had actually spent *more* money than we brought in! It was incredible to me to see how fast our money was spent when we had no particular restrictions on it. Now we use a budget."

Young couples can benefit from establishing good budgeting habits early in the marriage. Even though expenses may be few, simple measures taken at the beginning of their life together lay a foundation that can be built on in the future as financial obligations increase.

For budgeting to be effective, beginners should experiment until they find a system that works well and takes into account individual needs. One family finds the following system helpful. On payday they review their list of all fixed expenses, such as tithing, housing, utilities, and so on. Then they write down the money due for each item, total that up, and subtract it from the amount in the paycheck. Of the remaining funds, a portion is set aside for unexpected expenses and short- and long-term savings, allowing them to pay for such items as vacations and auto insurance. Together they discuss how to use the remaining funds and agree on a certain amount for spending money, which is taken as cash. The cash is placed in a jar called the "kitty."

When one of them needs to buy gas or get a haircut, the money is withdrawn from the kitty. As cash in the jar gets low, together they must decide which is more important: the gas or the haircut. This system allows each to have a voice in how money is spent and ensures they won't overspend their income.—*Carolyn C. Williams*, Redlands, California