

# Budgeting Can Be Easy!



Free e-book by:

**Forget Debt** 

[www.letsforgetdebt.com](http://www.letsforgetdebt.com)

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*Congratulations on taking this important step to a brighter financial future! **Let's Forget Debt** is motivated in helping Americans across the country solve their credit and debt problems.*

*Our Educational Team has created many publications to help you improve your personal finances. By visiting [www.LetsForgetDebt.com](http://www.LetsForgetDebt.com) you can access all of our publications free of charge. We have the tools to help you become debt free, use your money wisely, plan for the future, and build wealth.*

*We are dedicated to personal financial literacy and providing a debt-free life for Americans. If you are overburdened by high interest rate credit card debt then I invite you to speak with one of our certified counselors free of charge by calling (954)247-0034 for professional advice.*

*Sincerely,*

**Let's Forget Debt** Staff

## **Budgeting Can Be Easy**

Learn how to successfully manage your money and avoid credit problems. This guide will give you tips about budgeting that can put you in control of your money and help you to plan for a successful financial future.

We've created this guide with two purposes in mind:

- ü To help you create a successful budget and use it
- ü To give you proven strategies for avoiding too much debt

Making the most of your money can be tough, but without a budget, it is impossible. Budgeting can be easy if you have the right tools and guidelines. Remember, now is a great time to learn how to create and live within a budget! Why wait? The more you put off the budgeting process the longer you will be in financial chaos. If you don't learn to manage your money now, the headaches your debts create may stay with you for a long time.

Keep in mind that when setting a budget you need to be realistic. If you set your sights too high, you only become discouraged when you fail to reach them. While it is admirable to try and accomplish great things, you need to set goals that are challenging, yet realistic.

[Let's Forget Debt](http://www.LetsForgetDebt.com) has helped many individuals and families who are in debt. We want to help you avoid problems and become financially successful too!



## Credit Card “Come-On’s”

As a freshman in college, all the different credit card companies that were soliciting their cards tempted me in. I got free T-shirts and a water bottle! At first I figured one credit card was good enough for me. I didn't have a real fulltime job, but I made a few dollars working as a tour guide.

The offers just kept coming in. Before I knew it, I had at least 6 cards under my belt and a couple of thousand dollars of debt on my shoulders.

Now as a mother of a one-and-a-half year old, my credit card debt has affected me significantly. I'm unable to get a decent apartment or rent a house because of my credit. I'm unable to get loans. The harassment, threats of lawsuits, constant letters and bills of debt collectors have really taken a big role on my life. If I could change the past, I would.

I still have the credit card debt I created when I was a student and it will take me years and years to pay it off because of my current responsibilities. I hope I can help someone else with my story because getting yourself into a whole lot of credit card debt is just not worth years of headaches and rejection.

[Lets' Forget Debt](#) has helped her on her way to being debt free!

## Managing Debt

You can't achieve financial freedom without budgeting. Why? Because people who can account for their money are in control of it. You can't run a business successfully without a business plan, and you can't successfully run your household without a budget.

Start this process by keeping track of your monthly income, this is quite easy and usually only requires you to take a look at your pay stub. Then start keeping track of your expenses. First write down your fixed monthly expenses like rent, car payments, and insurance. Then make a list of your flexible expenses like groceries, utilities, gasoline, and medical expenses. Finally, list discretionary expenses such as clothes, entertainment, etc. Make sure you don't leave anything out; don't forget your morning cup of coffee or the snack from the vending machine! The key is to include everything you spend money on. Look back over your check stubs or bank statement to see where you've been spending money.

So, go ahead and total up your monthly income and all of your monthly expenses. Subtract your expense total from your income total and you'll have either a positive or negative number. If you have a positive number, congratulations, you are spending less than you earn. Don't worry if you have a negative number. The whole reason for creating a budget is to identify deficiencies and find out how to address them.

Now that you can see how much you fall short, you can adjust your spending or saving in certain areas to improve the situation. Usually you'll realize that by just making a few small adjustments to your



spending habits, you can significantly improve your situation. Maybe this means cutting back on one of your magazine subscriptions, eating out one time less a month, or even just hitting the matinee instead of the prime time movie. Typically, just saving a few dollars here and there can be enough to not only make sure you spend less than you earn, but also apply a few extra dollars to things like paying off your debt or for retirement.

Use these suggested percentages for spending and see how your spending compares:

§ Savings 10%	§ Clothing 5%
§ Housing 30%	§ Medical/Health 5%
§ Transportation 17%	§ Personal 2%
§ Utilities 8%	§ Entertainment 5%
§ Food 13%	§ Debts 5%

### Tips for Smart Credit Use

- Shop around for the best credit card interest rate. Consider using one card for balances that you'll pay in full and another card with a low interest rate for times when you need to carry a balance.
- Don't pay interest on items you don't really need, or for things that will be gone by the time you get your bill. Otherwise, it's like buying that item marked up instead of marked down!
- Read your credit card agreements and the correspondence you get from issuers. There may be important information in them. For example, credit card issuers can generally change your interest rate with only 45 days written notice – even on a card with a fixed rate.
- Try to pay off your total balance each month. Just paying the minimum is a trap. For example, if the minimum required pay-off on \$3,000 credit card debt with an 20% interest rate, it will take you more than 15 years to repay. And you would have paid \$15,000 in interest alone!
- Always mail your payments for your credit cards at least 7 business days before the due date. Most credit card companies have steep late payment penalties. Also, your interest rate on new purchases as well as any current balance may be raised to a very high rate if you are late.
- If you are late 1 time the credit card companies can raise your interest rate to the maximum legal limit of 24.99%!



- If you pay your debts late, a late payment will likely be reported to the major credit bureaus and will stay on your credit report for seven years. Your other credit card issuers may raise your interest rates if they see you are falling behind on other accounts.
- Call your issuers if you can't make a monthly payment on time. Ask them about alternative payment arrangements that won't damage your credit or raise your interest rate.
- Notify your credit card issuer 30 days before you move, and don't assume that just because you didn't get a bill you don't have to pay it. If a bill doesn't arrive, call your card issuer or lender immediately.
- Aim to keep your debt payments at less than 10% of your income, after taxes. If you take home \$750 a month, spend no more than \$75 a month on credit.

The key to managing credit is to not get trapped in the belief of "I'll buy now and pay later." When you do borrow, you want to ask yourself how and when you'll repay the debt - and how much it will cost you.

\* Use the Debt Calculator at [Let's Forget Debt](#) to figure out how much money you are spending on interest.

## One Family's Story

We were the typical family living paycheck to paycheck, no savings and plenty of the month left after the money ran out. Paying bills was a nightmare, and going to the store was even worse. Money was in short supply and long on demand. We used to go into a panic and blame each other if something unexpected happened, but now we have a little extra for those emergencies because we now know how to live on a budget.

With [Let's Forget Debt's](#) help, being able to pay all of our bills on time became a reality! Actually being able to make a deposit into our savings account became a routine! The biggest thrill is seeing the credit card balances go down and knowing there is light at the end of the tunnel. Knowing that in a few years these huge debts that loomed over our heads like rain clouds would disperse and that we would be on our way to financial independence was wonderful.

However, the most important thing that [Let's Forget Debt](#) has given us is our self-respect and pride back. Life becomes less stressful and you can enjoy your children and participate in their lives instead of worrying about money and always telling them "No we can't afford it." So in essence, [Let's Forget Debt's](#) Debt Management Program also allowed our kids to have happier childhood memories.

## Credit Tips to Live By

1. Always remember that credit is a loan. It's real money that you must repay.
2. Go slowly. Get one card with a low limit and use it responsibly before you even consider getting another.
3. Shop around for the best deal. Study your card agreement closely, and always read the fine print flyers enclosed with every bill. Credit card offers vary substantially, and the issuer usually can change the terms at will with 15 days' notice.
4. Try to pay off your total balance each month. Just paying the minimum is a trap: If you pay off a \$3,000 debt with a 20 percent interest rate and just send in the minimum each month, it will take more than 15 years to repay.
5. Always pay on time. A single slip-up may place a black mark on your credit record -- and can cause your issuer to jack up your interest rate to the maximum of 24.99%!!
6. Set a budget, follow it faithfully and watch how much you're paying on credit. A good rule of thumb is to keep your debt payments less than 15 percent of your net income after taxes. So if you take home \$2,000 a month, spend no more than \$300 a month on credit.
7. Keep in touch with your issuer by notifying the company promptly when you move. In the event you must be late on a payment, call them before it's late. They want your business for life, so they may be willing to make alternate payment arrangements that won't leave a mark on your credit rating.
8. At the first sign of credit danger, such as using one card to pay off another, make the card harder to use. Only carry it when you plan to use it, otherwise, lock it up in an inaccessible place.



A good budget can help keep your spending on track and even uncover some hidden cash flow problems that might free up even more money to put toward your other financial goals. Once you're taken the time to create a budget, now it's time to make sure you follow it. This is just the start of forgetting debt and thinking of financial freedom!