



North American Management

Financial Planning Note

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A Resolution to Budget

If one of your New Year's resolutions was to get a better handle on your spending, rest assured – you are not alone. The idea of creating and monitoring a budget throughout the year can be a daunting task, but perhaps one or more of the following suggestions can help make that resolution stick this year.

Try budgeting software.

While we do not endorse any of these products, we have seen some success with clients who use them. More importantly, each of these tools has a unique appeal. Finding the one that works best for the way you think about budgeting and spending may require a few “test drives”.

Likely the most popular tool these days is mint.com, a cloud based budgeting tool owned by Intuit, the makers of Quicken and Turbo Tax. Mint can automatically pull in all of your financial transactions, giving you an up-to-the-minute picture of your spending. As it is cloud based, you can access it from any computer or mobile device, any time.

Not sure about sharing your information in the cloud? There's always [Quicken](http://quicken.com), which you can download to your personal computer. It is a bit labor intensive to set up, but it will also automatically import your bank transactions and give you a variety of reports on your spending habits. For those who love the detail, this is still probably the most robust budgeting tool out there.

Another popular budgeting application is [You Need A Budget](http://youneedabudget.com). It works on the principal that every dollar of your income has a “job”. By assigning the income as it comes in to a particular expense, it can be especially helpful for those of you who have trouble managing “lumpy” income streams.

Are you more comfortable with setting up separate bank accounts for your big ticket items? If so you might want to try [mvelopes](http://mvelopes.com), an online app that mimics that old fashioned envelope method of budgeting. There is nothing out dated about the technology, though. It's the only budgeting tool I know that works with Google Glass to take snapshots of your receipts.

Finally, if you really need daily budget feedback, there's an app for your mobile phone called [Level](#) that will tell you how much you can spend today, this week and this month. Talk about real time feedback!

Put Pencil to Paper (or open up a spreadsheet)

Sometimes the old methods work best. If you prefer handwriting your budgets or using a basic excel spreadsheet, here are a couple of additional ideas:

Budget by Season not by Month

Many budget templates require you to fill in line items with monthly or annual amounts. I don't know about your house, but few of my costs are the same month to month. Sure you have a mortgage payment or life insurance premiums that don't change, but really- are those the expenses that cause you to go over budget?

The first step to creating a budget that has some relevance is to determine your seasonal needs. What do you do differently in the fall (tuition, back to school clothes); winter (skiing, huddling around the heater, Caribbean trip); spring (landscaping); and finally summer (pool, family vacation, summer camp).

If you can group your expenses into four seasons instead of twelve months, it may help plan your cash flow to match your expenses.

Start with an Emergency Fund

No matter how much time you spend on it, your budget will never be perfect. Life happens. However, make sure you understand WHY you blew the budget. Was it something you need to plan for next time? Was it a one time event that will never happen again but probably should be considered in "The Emergency Fund" (a must have line item for every budget!). If you start with six months to a year of living expenses in a cash reserve at the bank, you can weather a few deviations from your well-constructed budget. That alone, should keep you on track.

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