

7 Simple Tips to Stay on Budget, and You May not Have to Give up the Latte

What's the first thing people will tell you when you need to start living on a budget? Ditch the morning double mocha vanilla latte: it will save you a hundred dollars a month! Okay, but I *really* don't want to give up my lattes—isn't there some other way? Yup! Here are some tips for sticking to a budget, and you can keep your morning trek to Starbucks!

1. Make it a game

Sticking to a budget can actually be a bit fun. Challenge yourself. Say you usually spend \$100 a month on take-out. Try to make it \$75 this month. A favorite of mine is the “eat everything in the house game.” Not all at once of course! But try to make meals (sometimes called MacGyver Meals) out of what you already have. Or see how many days in a week you can go without spending any money. Then try to top it next week.

2. Treat yourself occasionally

See? I promised you wouldn't have to give up the lattes! Often we stray from our budgets because we feel utterly deprived of everything that's fun, or tasty as the case may be. As long as you keep your treats reasonable, there's no reason why you have to live by a Mongolian monk's vow of poverty. Be sure to reward yourself from time to time. Total self-deprivation is a recipe for failure.

3. Cut down on ATM withdrawals

First, the convenience of using the closest ATM machine can lead us to overlook a withdrawal fee. Plan your withdrawals in advance, and you won't be put in the position of having to use an ATM that doesn't belong to your bank.

Also, it's harder to keep track of how you spend cash. And it's easy to fritter it away. Add to that the fact that most ATMs have a minimum withdrawal of \$20. Say you get out \$20 to buy your \$8 lunch. What happens to the remaining \$12? One thing's for sure, you're highly unlikely to deposit it back into your checking account. In the end, you'll probably have no idea where that \$12 went.

4. Round up what you spend

Every time you make a purchase with your debit card, round it up to the nearest dollar. In no time at all, you'll have built up a nice little cushion. If you spend \$7.18, mark it down in your checkbook at \$8.

5. Make like a hippie and go with the flow

Budgets don't have to be rigid. Your needs are going to change from month to month. You're unlikely to stick to a budget that proves to be unworkable. Adjust your budget rather than

abandoning it altogether. For most folks, your spending habits will change drastically in December. Plan for that. It's better to go a month or two without saving any money than to give up on your budget because it doesn't jive with the reality of day-to-day life.

6. Involve the entire family

Everyone needs to be on the same page when it comes to your budget. For one thing, you need to factor in your children's monthly expenses when you're setting your budget. For another thing, you're all going to have to work as a team. The burden of sticking to a budget can't fall on one person. You'll wind up failing if she's doing the budget and he's playing an extra round of golf, or, conversely, if he's budgeting and she's buying new shoes.

7. Focus on different categories of expenses

Looking at your expenses as a whole can feel very overwhelming. Instead, break them up into categories: food, bills, clothes, entertainment, etc. Then, vary which category you focus on each day or each week.

Keep your electric bill under control by turning down the thermostat a notch or two for one week; simply put on a robe and slippers in the evening. Next week, entertain yourself by playing board games or opting to rent a DVD over going to the movies.

You can break it down even smaller. On Mondays, no going out to eat. On Wednesdays, no buying non-necessities. And no, new earrings *don't* count as a necessity.