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discipline

Is this the year that you finally decide to become serious about financial planning, whether to pull yourself out of trouble or to improve your credit as you make a run at a mortgage or a car loan?

Jan. 07, 2013

Do you dread mail this month as the bills from holiday shopping come due?

Is this the year that you finally decide to become serious about financial planning, whether to pull yourself out of trouble or to improve your credit as you make a run at a mortgage or a car loan?

You are not alone. Maureen Hankins with YWCA Credit Counseling, which has an office in Las Cruces, said that January and February are two of the organization's busiest months of the year.

"People are getting their credit card statements," she said. "In February and March they are going to be looking at using income tax refunds to bring them current (with bills)."

Las Cruces accountant Vivian Moore said you should put your spending in perspective. "For every dollar that is spent frivolously, think about how many hours have to be worked in order to buy that frivolous item," she said. "Even those who make a more-than-comfortable living still need to budget and plan for retirement."

There might be a lot of work ahead of you, but the best step is to simply find out where you stand and what bad habits you may have. Hankins said that it is important to know where your money is going.

“If you’re running out of money at the end of the month, take a little notebook with

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spending,” she said. “Where does it all go? To this end, the best advice is to keep a diary for one month. Once one knows where it all goes, they will be able to create a budget.”

Savingadvice.com reports there are multiple bonuses to keeping a diary:

- You think clearer. People think clearer when they write out their thoughts which can help your success. This provides you with a better picture of your financial situation.
- It improves your focus. A person focuses more on a subject when they have to write it out.
- It provides chronological documentation. Documentation of all you do and want financially helps tremendously when analyzing your habits and setting goals.
- It can be used to help others. Help your children learn from your mistakes and triumphs.

“Once one knows where it all goes, they will be able to create a budget,” Moore said. “Once the rent, utilities, etc. are covered, what is left is termed disposable income.”

Sally Herigstad, author of the book, “Help! I Can’t Pay My Bills,” reports on her website, sallyherigstad.com, that “most people dread the word ‘budget.’ It sounds an awful lot like ‘diet.’” And, like diets, many people have tried them and failed. “To create a budget, add up what you’re spending now and how much income you can expect. Then, decide how much you want to spend in each category,” Herigstad writes.

Hankins said that once you have a clearer picture of your finances, you can begin to make a plan and a budget. “Rather than eating out all the time, take your lunch,” she said. “If you’re buying coffee, (instead) have a coffee pot at work.”

Hankins said everyone in the household needs to be on board. “It has to become a

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As for debt, Moore said there are different approaches. “One of the best is the envelope method,” she said. “For every fixed monthly bill, take an envelope and fill it with the amount needed to meet that bill. Once all the constants are covered, the remaining funds would be used to attack the debt.” With credit cards, Moore said that you should try to pay at least twice the minimum payment.

“Paying the minimum payment may never pay off the debt if the interest rate is too high,” she said. “Whichever method is used, each time a debt is paid off, the money that was being used to make the payment, (should) then be moved to the next credit card or debt.”

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Financial Planning

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