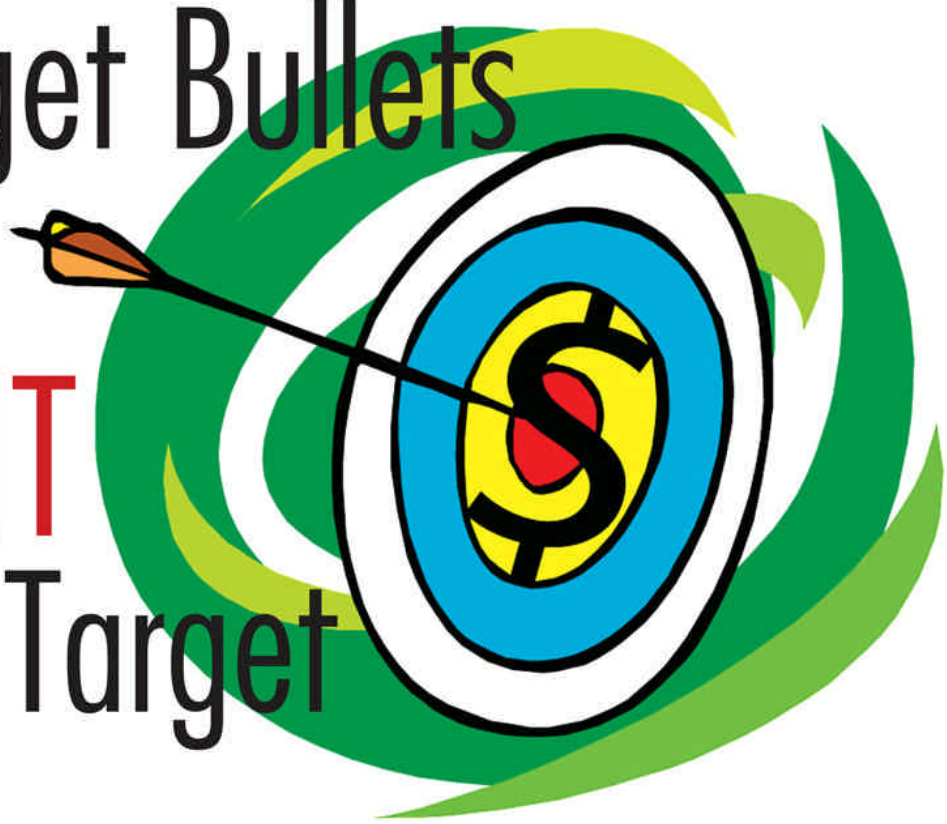


# Budget Bullets That **HIT** the Target



J.J. Jorgensen

**B**enjamin Franklin said it best: “A penny saved is a penny earned.” The wisdom of saving money by cutting costs was well known by our grandparents (and in some cases, our parents). They learned to budget during hard times. For many of us who came into our own financially in the 1980s and ’90s when expendable cash was readily available (although not everyone had the same amount of disposable income), it might be difficult to understand what “hard times” really were like.

Demographically grouped together, we are the Baby Boomers and Generation Xers who now must face the financial shifts of the twenty-first century. Today—like earlier generations before us—we are faced with a dramatic rise in the cost of living, but only a minimal growth in our capacity to earn.

Do you notice higher prices at the supermarket? Have inflated gasoline prices and the spike in home heating costs seemed out of proportion to you? What about the spiraling expenses for educating our children? These aren’t luxuries; these are the *necessities* of life, and they grow more expensive every day. Taking care of our needs—not our wants—has become a burden.

You know the rule: If you

can’t make more money, you have to find a way to spend less. A budget could help here.

Even though most people find it hard to stick to a budget, many families do invest time in planning one. In fact, many of us agree that budgeting is a tried-and-true way to conserve our assets. Unfortunately, not everyone succeeds in hitting the budget target. Perhaps one of the reasons we fail to shoot straight at the “savings bull’s-eye” is that we lack a guideline.

Elizabeth Warren, a professor of bankruptcy law, and Amelia Warren Tyagi, a financial consultant, suggest in their book, *All Your Worth: The Ultimate Lifetime Money Plan* (see the February issue of *Angel News* for a review) the following budget targets:

• **Mortgage payments, insurance, and food—the necessities of life—should require no more than 50% of your monthly spending.**

• **Long-term savings goals, like retirement and college costs, need a 20% budget allotment.**

• **A generous 30% can be targeted for the things you absolutely love to do, whether it’s skiing, traveling, or going to the theater.**

So, be the “master planner” and plan a budget. Planning and reviewing on a weekly (or daily) basis may help deter impulse buying. To get a feel for what your budget needs to be, track your overall spending for a couple of months.

Actually take the time to sit down and analyze where your money was spent, using a T form (one side is “What We Needed,” the other is “What We Wanted”). See for yourself how much your family spent on things they actually needed and things they only wanted. Wants are okay, but needs must be met first.

These suggestions may not be ideal for everyone, but if you have a target in mind, chances are you can aim more accurately, use common sense, apply a modest amount of spending restraint, and hit the savings bull’s eye more easily. Not

every “bullet” that follows will be appropriate for your lifestyle, so use what fits your target plan.

• **No one can predict** when circumstances will abruptly change, so try to put aside a “financial emergency kit” to cover your house payments, insurance, and food for at least six months. Then, don’t touch it except for an emergency.

• **“You better shop around”** was good musical advice from Smokey and the Miracles in the early ’60s (and still holds true). Find the best deals on the products and services you can’t live without. Check out store circulars, try those little dollar stores and discount warehouses. Shop around. If you have the space, consider buying in bulk.

• **Don’t be embarrassed** to use store coupons. You can save a lot of money for your household. Check the Sunday paper and all those junk mail envelopes for coupons. If you buy certain products regularly, check the manufacturer’s Web sites for printable coupons.

• **Rebate offers** occasionally provide reasonable cash breaks. Be careful when buying an item that offers a rebate. Make sure you know what proof is

needed to redeem the rebate (register receipt, store name, the barcode tag, etc.) Don’t ever toss a rebate form into the trash out of laziness, or because it may take a few weeks to collect. Every dollar counts (which is why many of our parents and grandparents still have their first dollar).

• **Cook it all at once.**





If you use one-pot recipes for meals, you'll save on dish-washing costs and have more time for dessert (if you so desire).

**Don't throw away empty jars or bottles;** reuse them for cleaning purposes. You can fill those old jars with cleaning items bought in bulk.

**Vinegar rocks!** Try using a natural cleaner. Almost any cleaning job can be done with an alternative cleanser (lemon juice, vinegar, and baking soda all have solid cleaning potential without draining the bankbook).



**Consider putting up a clothesline** in your backyard and dry your clothes in the great outdoors. This has many environmental and energy-conserving benefits and also saves money.



**Wash-and-wear really works.** Consider buying easy-care fabrics, and keep in mind the "vast amounts" of money you usually spend at the dry cleaner's (and how often you go there). Look at the manufacturer's labels before you buy; make sure clothing items, especially for kids, are washing-machine friendly.

**Energy Star ratings** are reliable for many appliances. Try to use energy-efficient appliances, which save money on electric costs and are environmentally consider-

ate. Check out the government's recommendations at [www.energystar.gov](http://www.energystar.gov).

**Consider doing the lawn** yourself (or teach the kids how). If you can cut down on outside help, you may save yourself a ton of money over the long haul.



**The butler did it!** If you have household help, try cutting down on the hours he/she has to spend just doing ordinary chores, like straightening up rooms, making beds, putting away toys, and the like. If family members assume the responsibility for some of these daily routines, it won't be necessary to pay someone to do them.



**Your car is a necessity,** so take care of it. If you follow manufacturer's recommendations for scheduling routine maintenance, you may avoid a more costly repair later on.

**Keep your tires** properly inflated. You will save gasoline and money too.



**Cheers to the borrowers!** You don't have to buy or rent movies every



time you want to see one; try using the library instead. You will find not only the newest books and magazines there, but also new movies (or reasonably recent ones). Music is another asset offered by the public library, and you can borrow and enjoy it at no additional cost.

**Consider a programmable thermostat** to raise and lower the temperature at pre-set times.

**Check the temperature** setting on your hot water heater. If you have a dishwasher, your water

should be heated to 120 degrees. Otherwise, it can be somewhat lower.



Practice cutting costs and be prepared for tomorrow. In the long run, a well-planned and applied budget can be good for you and your family. Keep your long-term goals in mind and be

mindful about what you spend. Budgeting is a skill that can be learned. It only takes a willingness to try and a commitment to do it regularly.

If you want a free copy of a budget form, write to the editor@sephardicangelfund.org or call 1 (866) ANGEL 18.

Oh, in case you were wondering, I actually framed my first dollar.

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