



Financial Wellness Made Easy

Here's one way to stop living paycheck to paycheck



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My grandmother Big Mama taught me everything I know about budgeting, and she did it on the back of an envelope.

I'm reminded of Big Mama's budget brilliance as I hear from readers who work for the federal government or who are contractors affected by the partial shutdown.

Some of these readers have always struggled because they just don't make enough from their government or contracting jobs. Others live paycheck to paycheck despite earning good money. It's the latter group who could weather a few missed paychecks if they had done what my grandmother did all her life: budget.

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I often use my grandmother as an example of good money management because, with so little, she did so much. She worked as a nursing assistant at a hospital, so her pay wasn't great. My grandfather was an alcoholic, so we couldn't always count on his paycheck making it home. Yet Big Mama, who took me in when I was 4, never was late on a single bill — ever! She raised five grandchildren on her salary and still managed to save. Her home was paid off before she retired.

I know folks who earn six-figure salaries working for the federal government or contractors, and one missed paycheck is sending them into a spiral of despair. Let me be clear: The shutdown is a manufactured, unnecessary hardship forced on the more than 800,000 federal workers who are impacted.

Still, I know many would be in a better financial place if they had just budgeted better.

In 2018, only 41 percent of people surveyed said that they have a budget and keep close track of how much they spend on such things as food, housing and entertainment, according to a survey by the National Foundation for Credit Counseling. Even if you're not affected, the government shutdown is a reminder of how important it is to have an emergency fund, which you can't have if you don't budget.

For this month's Color of Money Book Club, I'm recommending a book that will give you a crash course in budgeting basics. It's "Budgeting 101," by Michele Cagan, a certified public accountant. "One of the main benefits budgeting brings is busting you out of damaging financial cycles, like living paycheck to paycheck," Cagan writes.

Here's the thing about budgeting. It has a bad reputation. When I bring it up, this is what people say:

— "It's too restricting."

— "It's too hard."

— "It's depressing."

— "It's makes life no fun."

In her book, Cagan covers a lot in short, easy-to-follow sections. All the information is there to show you how to track expenses, save, get out of debt and set goals to do the things you really want. Cagan makes the case that a budget isn't a buzz killer. It's financial salvation.

"The right budget is a game plan for your money that assigns specific jobs to every dollar, whether that job is to pay the electric bill, buy this week's groceries, or beef up your retirement accounts," she says.

I love budgeting because it doesn't run my life — it's a reflection of my values. Budgeting allowed my husband and me to save enough to send all three of our children to college debt-free. It's going to help us pay off our home before we retire. It helped us give back in ways we never thought we could achieve, such as tithing 10 percent of our income to support our church, which in turns supports more than 100 ministries that serve our community by doing things such as feeding the hungry and helping the homeless and jobless.

Cagan walks you through several budget methods. Here are a few:

— *The 50-30-20 budget.* Under this method, you allocate 50 percent to needs, 30 percent to wants and 20 percent to savings.

— *The 80-20 budget.* With this plan you focus on savings. "Every time you get paid, the first 20 percent goes straight into savings and the rest goes into one big spending pile."

— *The zero-sum budget.* My grandmother followed this type of budget. She believed that every penny ought to have a purpose. So everything she earned ended up in a designated account for a specific purpose.

"Bottom line: a budget tailored to your life — as opposed to your life tailored to a budget — can help you spend consciously, dig out of debt and build substantial wealth," Cagan writes.

Sure, if numbers aren't your thing, creating and sticking to a spending plan can seem intimidating and limiting. But how's not having a budget working

for you?

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