

Is It Really Necessary To Create A Family Budget?

The thought of budgeting may seem simple to do, right? However, if we really get into it and try to balance our income and expenses, we realize that it's not that easy to do. Still, having a budget or spending plan can help us manage our finances better.

Money issues, especially within the family, can be a source of relationship conflicts. Dealing with money problems always gives stress. Thus, it is important that we create a budget for the family. And it should not only be you who are going to do it but all of the members of the family should get involved. Each, even young children, should have a say on the family's finances.

Step-by-Step Guide

Here's a guide to help you start making your family's budget.

1. Assess your current financial situation. Before starting to write down a budget plan, try to check first your spending patterns for the past year. You may want to take a look at all your utility and other bills for the past year. You would also need a copy of your salary records and income tax return for the past year. In case you do not have copies of your bills anymore, utility companies and other service companies like credit card can give you a record of your transactions or provide an estimate.
2. Design budget outline. There are sample budget outlines found in the Internet that you can download and make use of. You can also find some in magazines and books. Utilize these things to create an organized and well-written family budget.
3. Write them down. Once you have all past references to your income and wages, as well as a budget design, you can now start writing down your income - from wages, pensions to tax credits - for the current month. Then write down your expenses for the month - utility bills, credit card bills, and other purchases. Receipts and your checkbook may be good references to find the information.
4. Lifestyle check. You need to check your family's lifestyle and spending patterns. This is where every member of the family should get involved. Think about the important things that each member spends on. Think also of the things that you can probably do without.
5. Plan for next year. Estimate the income and expenses that your family may have for the next year. Your income may remain the same or you can also adjust it if you expect it to change within the year. You also need to take into consideration special occasions where you usually spend on like Christmas, birthdays, Thanksgiving and other holidays.
6. Know your credit standing. You also need to find out your current credit standing. You may request for you Credit Report from a credit bureau near your area. You can find them listed in the yellow pages.

Writing down a family budget will definitely help you realize how wisely you and your family spend money. If you feel that you are spending too much more than what you are getting, then it's high time to start fixing your finances and sticking with your family budget.

Saving is also one way to improve your finances. For a family, there should be a substantial amount of savings that you can use in case of emergency. As head of the family, you should impress on your spouse and children the importance of savings. If you can commit your whole family into saving, then most likely, you will not have a problem in sticking with your family budget.

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