

Sunday



Republican

Budget to get a handle on finances

Look at your statements and note how much you're spending on bank fees. Balance your checkbook against the statement, using the form on the back to make sure you and the bank (or credit union) are in agreement.

Often, Socol finds in budgeting classes she teaches that people don't know their true checkbook balance. They think they do, because they get a printout from their ATM machine, but that doesn't account for checks that have been written, but haven't yet cleared. So such people don't know how much cash is really available to them for spending, she notes.

People can use any number of tools to help them with this problem. Some like checkbooks with carbon copies of checks, or stubs on the top that allow for quick balancing. Some like computer programs such as Quicken, that allow you to put a checkbook on a computer. Some like to start letting merchants or businesses that require fixed monthly payments (such as health clubs, insurers, or car payments) take automatic electronic drafts from checking accounts on a certain day.

Socol maintains that all these tools can be effective, and no one is better than other. Use what works best for you, she maintains, but remember that each system still hinges on timely and accurate recording of deposits and withdrawals.

- Have a family meeting to see how you might change the budget, if needed. A common piece of advice financial advisers focuses on cutting food costs by brown-bagging lunch or breakfast, at least sometimes.

They also advise consumers to start regular savings to themselves, to build up a nest egg. Some people may be able to cut expenses by looking at reducing entertainment costs, maybe by buying fewer books, using libraries more, or seeking free community events more often.

Socol also advises people to shop for the best deals at warehouse clubs and consignment shops. Many consumers are now shopping around for the best rates on long-distance services and annual fees for credit cards, she notes.

With interest rates low, some people might refinance their home mortgages at a lower rate to save on their monthly payments. Then, the savings can be applied to monthly savings, prepaying the mortgage, paying down debt, or other line items that will help the budget equation.

But refinancing will only be worth the costs if you are planning on staying in your house long enough to recoup the fees, Socol notes.

Another option is to look at your employee benefits and make sure you are getting the best use out your employment package, says Socol.

It may not be worthwhile to duplicate health coverage with a spouse or partner, she notes, if you can get more cash instead. And employees can often make better use of tax-sheltered savings programs for retirement savings or child care.

Without a doubt, the people who are in the toughest budgeting situations are those with low incomes and few skills, concedes Lawrence.

They're frequently the ones who are already stretching their dollars as far as possible. From time to time, though, she meets people who have found ways to improve their situations. She thinks of one woman, a college secretary, who quit smoking and brown-bagged lunch to save on cash outlays.