expansiveness. Generally, if more than 20 percent of your after-tax income goes for car payments, credit card bills and department store charges, you are in too deep. Scaling back your debts will have to be your first priority.

To get out of the mire, you will have to allocate a set amount of money each month for debt repayment. Take an after-hours job, if necessary, and use savings. You will never get ahead keeping cash in a money market account paying 3 percent while your credit card costs you 18 percent.

Once your debts are reduced to a reasonable level—or, better yet, to zero—you should begin to beef up your savings. Generally, you should be saving at least 10 percent of your gross pay. If your employer offers you a 401(K) or other retirement savings plan, you should definitely join.

In addition to your retirement accounts, you should build up an emergency fund that could bail you out of a scrape or tide you over if you lost your job. You should build those savings into the budget. Pay out money to savings as regularly and faithfully as you meet your mortgage payments and utility bills.

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With so much money going for debt repayment and savings, you will probably feel as though you barely have enough to live on. Which means, quite simply, that you must retrench. There are always leaks in the budget.

You may have to downsize your budget, a process in which, says budget expert Judith Lawrence, you have four options: cut back, postpone, eliminate or get creative—that is, get what you want, but in a less expensive way. First, take a look at the biggest items to see where you can cut. First and most formidable are taxes, and you should take care to use every deduction available to you. This year, nonworking spouses may set aside up to $2,000 tax free in an IRA and deduct the contribution from income. Housing is probably your second major expense. Interest rates on mortgages have dropped considerably, and if you bought your house a few years ago, when rates were higher, you might want to think about refinancing to lower the monthly freight. Also carefully consider whether or not you "over-housed" by buying a vast manse in a neighborhood geared to celebrities. Think about moving to a less expensive home. Another common budget breaker is car payments. To pare them back, you could trade down to a more modest model or scrap your second car.

Next, consider your less significant outlays. Think about what you spend daily as you travel to and from work; that morning latte and croissant may be running you $80 a month. When you decide to have a pizza delivered instead of cooking one from the supermarket, you could be adding another $10 to your weekly budget. Your overspending may also take the form of splurges; you stay on budget but then blow $100 when you go to the mall to pick up a pair of pantyhose. Lawrence recommends that rather than pretending that this behavior does not exist, you should budget for it. Simply allot $25, $50 or $100 for a monthly binge, then get right back on the budget.

To make any spending plan work, says Marc Eisenson, editor of *The Pocket Change Investor*, a quarterly newsletter with ideas for saving money ($12.95 from Good Advice Press, Box 78, Elizaville, NY 12523), you must cultivate a new thoughtfulness about possessions. But that is not impossible, Eisenson argues, if you follow some simple guidelines. First, when you are thinking about buying, ask yourself whether the fancy label really adds quality or simply makes you poorer. Second, avoid shopping as recreation. Instead, take the family to a museum or a state park. Finally, ask yourself, Why do I need it today if I did not need it yesterday? Tell yourself to wait another week. If you still need it, you can buy it then.

Somebody in the family will have to keep books for a few months to see that the budget stays on target. You can easily keep track of spending by paying for all items over $10 by check or with a debit card. Just make sure that you keep all the receipts so that you have a record of what they were for. Once a month, you can pull everything out and tally your expenses. And if you have a lust for accounting, you can buy yourself a ledger at a stationery store. Or, if you have a computer, you can buy budget software.

As time goes on, some fine-tuning may be needed to take into account expenses that you had not considered. Once you have modified your spending behavior, an annual checkup will suffice unless you are faced with a drastic change in your financial situation—for example, a sudden windfall or a loss in income. And there will be times when you go nuts and indulge in an extravagant purchase. But remember: You are on a long pilgrimage to your financial goals. As long as you stay pretty close to the course you have chosen, no blowouts or side trips will deter you from eventually reaching your destination.

Cautious Conversations

You can be the most outspoken person on earth—the type who tells it like it is at PTA meetings, the one who speaks up at the office, somebody who is not afraid to appear on *The Jerry Springer Show*—but when it comes to talking to your spouse, your children and your own parents about money, you are as tongue-tied as an American in Paris. "People will talk openly about sex,