ably blame it on your discretionary spending habits. That's where many folks go wrong. Thanks to the wide usage of ATMs, many people still rely heavily on cash purchases. "If I need $20, I take out $40," says Roth. "And cash in my wallet is as good as spent." To control those cash outlays, Roth has decided to ditch her ATM card and write checks instead.

4. Start saving—even if you're in debt. If you don't start saving until you're completely debt-free, chances are you may never save a dime, says Coghill. The money that would have gone into savings may not necessarily be used to pay off debt. It may simply be used to make more discretionary purchases.

In some cases, of course, it may be smarter to use your extra cash to pay down debt (and avoid paying more interest) rather than saving it. If funneling some discretionary cash into savings puts you deeper in debt, you should reevaluate, Coghill says.

5. Pay yourself first. Waugh's past budgeting efforts have never succeeded because she believes she doesn't know how to save. "There's never anything left," she says.

"To build any sort of savings, you must pay yourself consistently," says Rogin. "But most people don't. They wait to see what's left over at the end of the month. Generally, that isn't much—if anything."

To sidestep this budget-buster, you have to change your mind-set. Think of saving as a fixed expense rather than a voluntary choice, says Georgette Mosbacher, CEO of her own firm, Georgette Mosbacher Enterprises, and coauthor of *It Takes Money, Honey* (Regan Books/HarperCollins). Make your savings commitment another bill, like your mortgage payment or groceries.

If you lack the discipline to do this every month, then have your savings deducted automatically from your checking account each month. That way, there's no decision whether to save—or to spend; 401(k) retirement plan contributions, for example, come directly out of your paycheck. Most mutual fund companies offer automatic savings plans, too, that deduct contributions from your checking account.

6. Don't lump too many expenses together. It's easy to overspend your budget if you lump too many expenses into a catchall category. Waugh's first plan, for instance, was to include birthday parties and gifts into her general "entertainment" category. But it's easier to keep tabs on your discretionary spending if you track items in very specific categories. Waugh's budget now includes three separate categories: parties, gifts and entertainment.

7. Don't let untracked spending discourage you. "There will always be some money you can't account for," says Coghill. Perhaps it's that impulse buy on your lunch hour or those toys you picked up on sale. We all lose track of our spending on some items, but that doesn't mean we can't budget successfully.

Call a category "cash" and include these nontracked expenses, advises Coghill. If you need to get a handle on just how much you're not tracking, jot down what you spend in your checkbook or a small notebook for two weeks. That should give you a good idea.

8. Make your budget livable. Leave room for the stuff that makes you happiest, says Mosbacher. "Without a few little luxuries and some fun in life, your resolve to change your financial habits will melt away," she says. You don't need to eliminate eating out in restaurants, for instance, just because you're on a budget. Rather, says Mosbacher, eat out less often, find restaurants that have specials, or, if you're dining with the kids, go out on family night when children eat for free. Similarly, you don't have to eliminate vacations if that's what gives you pleasure. Scale down your plans, or take one fewer vacation a year.

Roth, for example, says her past budgeting efforts always failed because she set unrealistic goals. She expected to save too much, too fast. After a short time, she tired of such frugal living, and the budget was history. Roth would probably fare better, says Coghill, if she set more modest goals at first and gradually increased to a more ambitious savings amount.

Whether you make $25,000 a year or $250,000, you must make smart spending decisions about your money. A budget is your best chance of making the most of what you have.

If your budgeting efforts have derailed in the past, figure out what went wrong and try to patch those "budget leaks." The sooner you begin to devise and implement a workable spending plan, the sooner you'll reach your financial goals.

Barbara Hetzer, the mother of three, is a freelance writer who specializes in personal finance.

SMARTER SPENDING—AND SAVING

Those video rentals are late again? Stopping at the local coffee bar each morning for your daily fix? Heading for a quick dinner at the kids' favorite fast-food eatery? We all spend money on convenience items occasionally. But a regular diet of things like flavored coffee and fast food (compared to simple home-cooked fare) can really add up. Consider how much you could save if you invested that money instead.

If you ...	Cost per year	Amount you'd have if you invested the money in an index fund* for 10 years
Buy a 12-ounce cup of coffee and a bagel at Starbucks** each weekday	$592.80	$3,387.17
Rent one video per week from Blockbuster and incur a late fee***	$393.64	$2,249.20
Eat at McDonald's once a week****	$1,144	$6,536.65

*Assumes the money had been invested in the Vanguard 500 Index Fund for the past 10 years, ending December 1998. During that period, the average annual return for this fund was 19.04%. **Assumes cost of $2.28 per day. ***Assumes $4.39 per rental and one-day late fee of $3.24. ****Assumes cost of $22 for a family of five.