

# Personal Finances and Budgeting



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## What is a Budget?

A budget is a plan to manage your money, by balancing spending with income. A budget is a picture of one's financial health.

## Why should I Budget?

It provides a means of controlling your financial position. A budget is not designed to confine or limit an individual; rather it should enable one to become financially secure.

## Who should Budget?

Everyone. Those who are in debt need to budget to balance their finances and make plans to become debt-free and those who are not in debt need to budget to control their finances and remain financially stable.

## When should I Budget?

Ideally, you should budget before spending your first paycheck or other source of income. That means as soon as you begin to receive a salary or even an allowance. Thereafter, you should revisit your budget twice yearly for review or at any month where spending is projected to exceed income.

## How do I Create a Budget?

Budget making should be simple. To start, you take a piece of paper and make two columns. In the first column list all sources of monthly income and total them. In the second column list all your monthly expenses and total them. Do not leave anything out. Now see where you are at the end of the month.

Remember to keep your budget simple. If you are spending less than you are earning, great – you are on the way to becoming debt-free. If your expenses are more than your income, you will need to make some changes. Look for the places your money is spent unnecessarily – common problem areas are fast food, miscellaneous spending or high maintenance vehicles with excessive payments, fuel and insurance.

When setting up a budget, include writing down a vision or plan of where you would like to be financially. A budget is one of the tools that could help you get there. Keep a copy of your vision with your budget and review them both at least

twice a year. Keeping a plan before you will help you discipline your spending habits and will be a constant encouragement for you to strive to reach your goal.

It is essential that you use your budget and your money wisely. No matter your income, you can take control of your spending, create some savings and plan for your future. In order to make the budgeting process meaningful there are some things that need to be taken into account.

### **Is my Budget Realistic?**

Only you can make your budget work. If your expenses exceed income and you normally pay all your bills, you need to look at your credit record. We often supplement our income with credit card debt or personal loans. In order to make a realistic budget, we need to spend only from the paycheck we get each month. Always remember – Credit should not be used as a regular source of income.

Stick to your budget for a few months and see how much you are able to improve your finances. Find places in your budget where you can trim the fat. Use that extra cash to pay down high interest credit card debt or loans and begin saving for the future.

### **Am I Saving?**

No matter how much money you make, you can start saving for your future. You can take control of your spending, you can create some savings, you can plan for your future.

Pay yourself first! Sometimes you need to force yourself to save money. Open an account that automatically debits your checking or savings account. And remember, no matter how much money you make, you can start to save something. If you have to, start with a small amount such as a minimum of \$25 or \$50 dollars per month.

### **How much can I Afford?**

Naturally we all want to live life the best we can comfortably afford. That includes being able to cope with all our financial commitments, with money left over for extras and unexpected expenses.

In order to achieve this, we must develop a plan. There is absolutely no way to avoid financial problems without some kind of planning. A budget is a plan to manage your money and helps to determine how much you can cut back on expenses to develop a surplus.

It is with this in mind that I am sharing this information I hope will take you one step further in developing the best method to manage your finances. Only you can control your personal finances and better your position. Seek God, educate yourself, start a savings program, establish goals, invest towards your future and take control of your financial position.

### **Can I Do This?**

It is essential that you become the master of your money and use it wisely. Money and Debt should not control you. You may be just starting a financial life, trying to recover from financial ruin, considering credit or just trying to take a deep breath and start fresh. You can take control of your personal finances once you follow the principles as outlined and use the tips that you have received.

***If you need help or further information, feel free to contact us at 497-2571 or email: [vanessac@ccb.ai](mailto:vanessac@ccb.ai).***