

**Let's Talk About the "B" Word  
Budgeting Doesn't Have to be Punitive  
By Elaine Kiernan**

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The biggest component in setting up a successful budget is attitude adjustment. Developing the mindset that you want to gain control of your spending is the first and most important step. Through the years, I've determined that for most people, the biggest problem with budgeting is impulse buying. We are all victims of the big marketing corporations that specialize in packaging products to catch our eye and promote the impulse buying that does many of us in. Well, does our budget in, anyway.

The beauty of budgeting is that your return on investment (ROI) for the amount of time you put into it is very generously returned to you. The information you gain is power, and the things you learn during the process will benefit you for the rest of your (spending) life.

To find out where your money is actually going, either write down everything you spend or get a receipt and save the receipt each time you spend money. Please don't underestimate the importance of this "physical" part of the process. What you learn will likely surprise you. Once you determine where your spending is out of control, usually two or three specific areas, move to a **cash-only** position in those areas. Cash has meaning. Take your credit cards and ATM card out of your purse/wallet and spend *only* cash. Let's assume you have three areas that appear to be giving you trouble with spending. Buy three different colors of envelopes (two of each color) and assign each color for one of your three areas of spending. Write "Week I" and "Week II" each on three of the envelopes and what the envelope is for. Assuming you get paid twice a month, set a spending limit for each week and put that amount into each envelope. Put the envelope into your purse/pocket and only spend out of that envelope. When it's gone, it's gone and you get by with what you have on hand. To handle potential emergencies, I recommend taking a credit card, sealing it inside two envelopes, and putting it in your glove compartment of your car. By needing to open two envelopes to get to your credit card, the chances are much better that you won't use it.

Most companies, and many families, are successful because they know where their money goes. Tracking your money is not difficult and should be taken seriously.

1. Set up a spreadsheet listing all your expenses with columns for each month.
2. Each month, write down or enter what your actual expenses were for each item. The most common problem areas are usually include the following: groceries, dining out, gifts, and the full-service “drug stores” such as Longs, CVS, and Walgreen where you can find pretty much anything you may need or **want**.
3. Make sure you set a limit for each of these areas and stick to it! At the end of the month, sit down with your family and discuss how you did each month. Remember, awareness is the key to a successful budget.

Last but not least, involve your family. Provide a cause and effect for your family to see. If you stay on your budget, set a reward that you will all enjoy. By having everyone involved, it can be a group effort toward success, and no one will be unknowingly sabotaging the overall effort.

### **About Elaine Kiernan:**

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She is President of Financial Resource Associates ([www.FRAssociates.com](http://www.FRAssociates.com)), a Registered Principal/Branch Manager of Geneos Wealth Management, Inc. and holds memberships in the Financial Planning Associates (FPA), the Institute of Divorce Financial Analysts (IDFA), and the International Association of Collaborative Professionals (IACP). Her firm, Financial Resource Associates, Inc. is a Registered Investment Advisory firm and she will reach her 25<sup>th</sup> year in practice in 2007. She is licensed by the California Department of Corporations, and the NASD.

Elaine and her firm specialize in all aspects of financial planning, divorce services, small business services, same-sex issues, insurance and retirement.

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