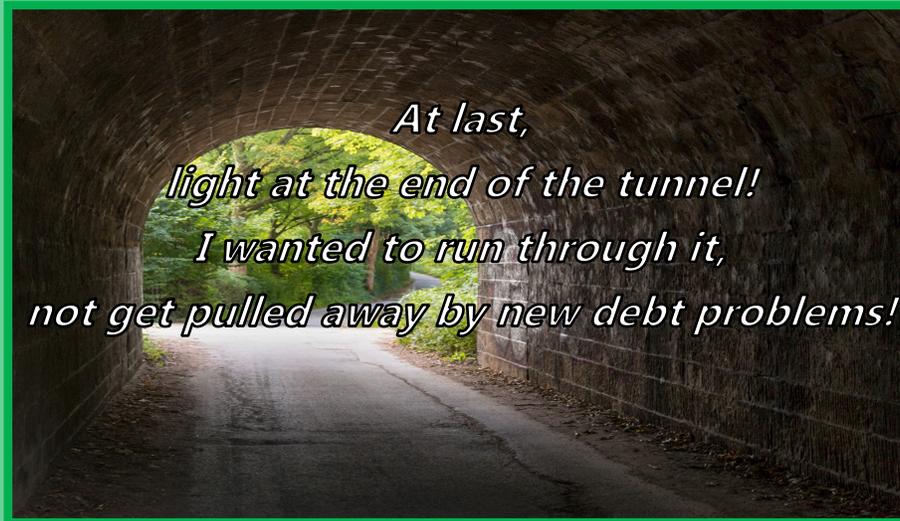


# *Expanding Your Budget*

Once I got used to creating and sticking to my super simple budget, things got much better! Debts started to dwindle, my credit score got better (which allowed me to get a much better interest rate when buying my car) and I started getting excited about my future!



I was working so hard to get out of debt, I was determined to never go through that again. So, as debts fell off and I had more discretionary available, I began to consider what I could do to fight off future debt. (I was also reading a lot of personal financial books and online articles, which were hugely helpful with ideas!)

My car was almost paid off, which meant I would be able to use the money from the car payment for other things! But I also knew that, because my car now had over 100,000 miles on it, chances were good it was going to start having problems I would have to pay for. Inevitably, every time I get “extra money,” something goes wrong with the car! And it’s usually something big, like a new transmission! Also, even though I expect my car to last at least another 5 years (which is how long it took me to pay it off), eventually I’m going to have to buy a new one.

So, I decided to expand my budget to include car savings each month. A portion of my car savings would go towards buying a new car, and the rest would go towards maintenance and repairs. This was also a big help, because I kept forgetting to budget in money for an oil change every 3 months, and since my budget was so tight, this made a big difference! Setting aside savings every month for exactly those purposes makes it way easier to cover those costs, when they arise. Otherwise, I’ll have to use my credit card and, if I can’t pay it off, I’m paying interest. I HATE INTEREST!!!! It’s like shoving dollar bills down the toilet!

Other expansions in my budget included clothing, vacation and a splitting of discretionary funds. I'm not a huge shopper, so I don't buy clothes very often, which means when I need something new, I usually don't have the money for it, because I spent it on something else. So, I decided to start a savings account for it.

Same goes for the vacation fund; it was another savings account so I could actually take a trip somewhere! As for the splitting of the discretionary funds, I noticed that most of that money went to dining out or going places with friends, so when it came time for a haircut or I wanted a new accessory for my home, or needed new furniture, there was no money! I started earmarking a certain amount of discretionary money for short term (dining out, going to movies, etc.) and the rest was put in another savings account for things that I didn't purchase every two weeks, but would want or need eventually.

When I first got the idea for all of these savings accounts, I was trying to figure out how to account for all of the money separately in one savings account. But a quick call to my bank and I learned that I could have up to 10 savings accounts attached to my checking account (for FREE!), each with a different nickname, so I would know what they were for! That certainly made it much easier!



There are also great online budgeting apps that let you create separate categories for your money, making it very simple to keep track of all your money in one account.

My favorite is [YNAB](#).

Obviously, your needs will differ from mine, but this is designed to help you think about things that can easily be overlooked. By thinking it through now and planning ahead, you can be ready when the time comes. Liken it to the catcher who is squatting with his glove out, waiting for the ball, because he knows the pitch is coming, at some point. If he waited to be in place until the pitcher actually threw the ball, the chances of him catching it would be significantly diminished.

Oh, and did I mention the emergency savings account? I've made this my first priority, and it's served me well! Strive for an emergency savings account, with a minimum of \$1,000.00. Build this as fast as you can! Then, make a list of what constitutes an emergency – especially if you're married! You and your spouse may have different ideas of an emergency, and getting on the same page about it could make things much easier down the road! If you don't talk about this or think about it, you might do what I did and find "emergencies" in everyday life that could squander that money really fast. Needing something new to wear to a concert is not an emergency, my car catching fire on the way to work IS!

In any case, happy budgeting – and let me know how this works for you, good or bad. PLUS, if you have additional ideas, email me!