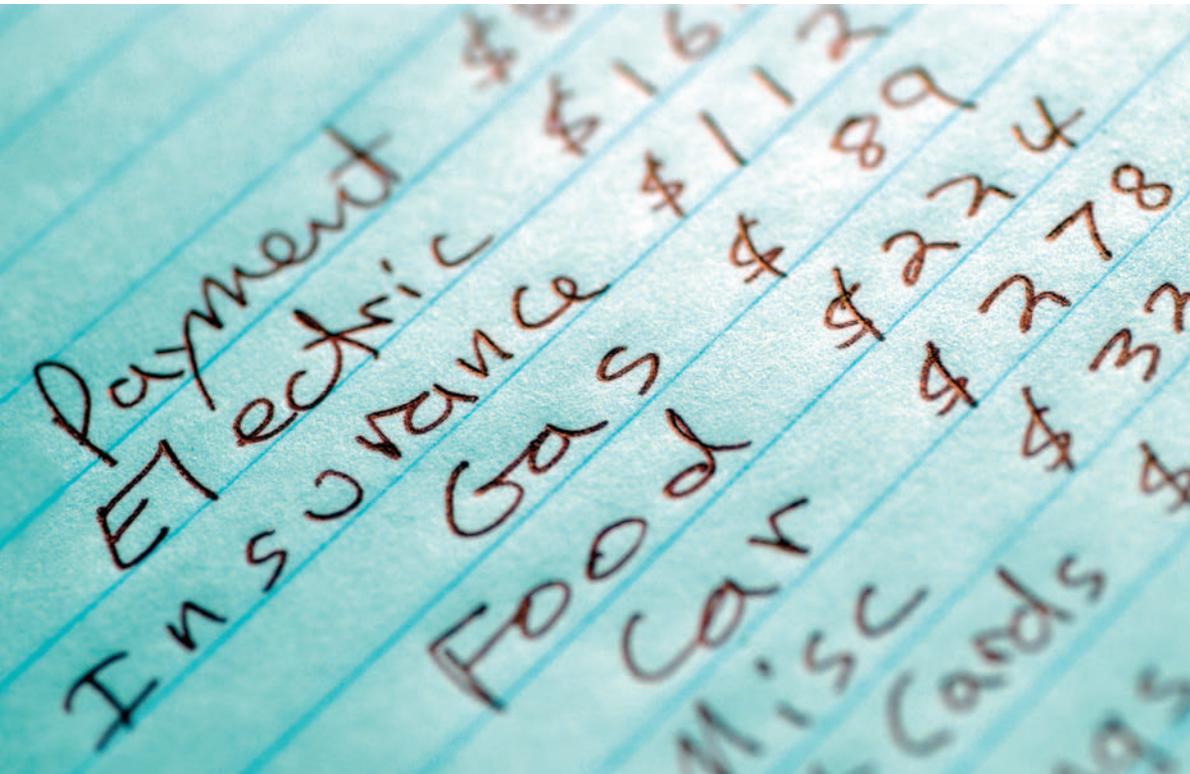


Budget Basics for the Financially Challenged

Don't let impulsive spending—or an inability to focus on money matters—keep you from reaching your financial goals.



monthly expenses. So the first step in the budgeting process is to figure out exactly how much you spend each month and what you spend it on.

For one month, keep careful records of every purchase you make. Get a receipt whenever possible, and keep a card in your wallet to record cash purchases for which no receipt is offered. Record all the checks you write. If you purchase something online, print out a record immediately. At the end of each day, tally everything up.

At the end of the month, review your daily tallies and credit card bills to find the patterns in your spending habits. Certain costs, of course, are fixed. But look for areas in which you think you've been overspending. Did you buy new books, even

though your bookshelves are groaning under the weight of unread ones? Did you buy another outfit, even though your closet is full of clothes you've barely worn?

Based on these insights, come up with a budget—that is, how much you think you *ought* to be spending on various items. As you go forward, check once a month to see how closely you have followed your plan. If you do this faithfully, you'll make the most of every dollar you earn. ▲

Sensible saving

It's a good idea to save at least 10 percent of your monthly income (although, of course, paying off debt is more important than adding to savings). You should have a minimum of three times your "net spendable income" on hand, in case you experience a cash crunch.

It comes as no surprise that many people with ADD experience financial difficulties. After all, trouble with planning and self-control are precisely the *opposite* of what's needed to create a budget. (Ever hear of impulsive spending?) And a budget is the best tool for avoiding financial crises and saving effectively for a home, college tuition, retirement, or another financial goal.

A budget is *not* a list of what you spend money on. It's a statement of spending limits based upon your net spendable income (NSI). For most people, this will be their monthly pay after income tax, health-care premiums, and so on have been deducted. NSI is the entire financial "pie" you use to cover all your remaining expenses—from big-ticket items, like housing and transportation, to seemingly inconsequential things, like a daily newspaper and a cup of coffee.

Obviously, your NSI must be greater than your total

By SANDY MAYNARD, an ADD coach in Washington, D.C.

Getting Financial Help

Many of my clients have found it helpful to use a computerized financial program like Microsoft Money or Quicken. If you need help using the software—or if you're overwhelmed by the budgeting process in general—consult an accountant or a financially savvy friend. You can also find advice at Web sites like www.financialplan.about.com and www.moneycentral.com.

EIGHTEEN WAYS TO SAVE MONEY

- 1** Make a list of 10 good reasons for creating healthy spending habits. Frame it, and place it where you pay your bills.
- 2** Fight the impulse to buy something simply because it's on sale. It's not a "good deal" if you buy too much of something, or buy something you don't especially need or want. Discount coupons are great, as long as you use them to buy necessary things.
- 3** Avoid impulse buying by staying out of stores unless you have a particular purchase in mind.
- 4** Shop at consignment stores for clothing. For lamps, furniture, and other big-ticket items, try tag sales.
- 5** Make a shopping list, and stick to it. Bring it with you to the store and cross off items as you add them to the cart.
- 6** When shopping for groceries, set a firm spending limit before entering the supermarket. Take along a pocket calculator, and keep a running sum of the total cost after adding each item to your cart.
- 7** Stifle the urge for "designer" coffee. Drink homemade coffee or tea from your own thermos.
- 8** Look for free or low-cost leisure activities. Many zoos and museums are free on certain days of the week. Take advantage of matinee rates for movies. Ride a bike, bring a picnic, take a nature walk. Throw potluck dinners with friends instead of eating at restaurants.
- 9** Switch to a bank that offers free checking and no-charge ATM transactions.
- 10** Leave your credit card and extra cash at home. Remember, if you don't have it, you can't spend it.
- 11** Keep a credit card just for emergencies—but put it in a block of ice in your freezer.
- 12** Hold off buying milk and other perishables until you've used what you have.
- 13** Each evening, make a lunch for the following day. No need to pay a high restaurant tab for your midday meal.
- 14** Shop around for a discount telephone service. Call a few providers and find the plan that's best for your family. Take into consideration whether you need more minutes, a family plan, or rollover minutes.
- 15** Start a holiday spending fund, and contribute to it each week. That way, you'll be less likely to overspend on presents—and find yourself in debt come January.
- 16** Delay any unplanned purchases. If you see something you want while shopping, sleep on it. If you still want it the following morning, go back and buy it. (Most of the time, you won't bother.)
- 17** Pay all your bills on time to avoid late fees. If you have trouble remembering, set a specific day as "bill-paying day." If you use a computer regularly, write yourself an electronic reminder. Some phone companies offer a reminder service that forwards a message to your telephone number on the requested day.
- 18** Adopt an "attitude of gratitude." You are not doing without if your basic needs are being met.