



DOLLARS AND SENSE

By Brian Ross, OST Director of Financial Education

You Can Do This

It happens to us all. We start a new diet, then binge on stuffed crust pepperoni pizza (hypothetically). We fall off the wagon. And it can happen to our finances too.

At some point in 2015 you've decided that enough is enough and you want to start getting your financial life in order. That means different things to different people. Maybe you want to finally pay off your student loans or credit card debt. Maybe it means you want to stop wasting money on stuff you don't really need.

These are all excellent goals. And you resolve that you are serious about it this time. You start tracking your spending using free budgeting applications such as Mint.com. You start throwing every extra cent at your debt, stop ordering take out five times a week for lunch and twice a week for dinner. Maybe you stop going out at all.

Too Strict - This is what trips a lot of people up. You're too strict with yourself. It's like when you're dieting and you forbid any treats at all. Suddenly all you can think about is the forbidden food. You obsess over it, it starts to drive you crazy. So you break down and eat the whole bag of chips. But if you had allowed yourself to eat chips every now and then, you could have avoided the binge.

It works the same with money. If you put yourself on a budget that allows for no small indulgences now and then, off the wagon you tumble. Some nice chocolate, new video game or fishing tackle now and then will stop you from going overboard with the credit cards if you hit a low moment.

Personal finance, at its core, is simple. Spend less than you make. Managing your finances can also be simple.

All you really need is to spend a little time setting up budgets and categories using a free personal budget application and then making the occasional tweak when something in your circumstances change. What you don't need are complicated spread sheets or spending money on fancy budgeting software.

The simpler you keep it, the more likely you are to stick with it. It's fun in the beginning to fill in all your little numbers and keep track of all of your receipts, but it gets old fast and you quit. Then you find yourself back at square one in a few months when you again, decide to stop ignoring the problem and tackle it.

Budgets involve numbers. Numbers don't lie. Numbers have no emotions or decisions to make. As creators of our own personal budgets we must "budget" for the fact that we're human, that we have emotions, we have stress, and we sometimes make poor choices.

If you get off track, you don't have to stay off track. It does zero good to make yourself feel bad. When you feel bad, you want to binge. When you want to binge, you need cash. When you need cash, you stop by the casino. When you stop by the casino, you roll the dice. When you roll the dice, you sometimes win. When you sometimes win, big men in suits escort you out to the desert. Don't feel bad.

Tomorrow's a new day, and you can do this.

8/17/2015

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