Consumer Tips from Your Community Banker
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Balancing Act: Personal Budgeting in Tough Times

The problem with budgeting is it's easy to forget that this is an ongoing process. Any change in income—especially a downward change—or an upward change in expenses, from an unexpected veterinarian bill to the rising cost of groceries, requires an adjustment in your budget. Recent years have brought new budget challenges to many consumers. Here's an overview of actions you can take to keep your budget balanced.

First, take stock: list your monthly income and expenses to determine whether your income covers your current expenses. You may need to track all your expenses for a month to capture all your cash purchases, such as food, beverages, entertainment, or personal items from aspirin to zinc tablets.

If your budget is out of balance, figure out where you might but back. If you routinely incur late fees or overdraft fees, work out a plan to pay your bills when they are due.

Maybe you've been thinking about switching your telephone landline to a cell phone. Or, taking the bus or biking to work three days a week. First, take any actions you may have been thinking about. Then, look for less obvious ways to make ends meet. Schedule an appointment with your insurance agent to see whether you might be eligible for safe driver savings or a discount if you insure your house and vehicles with the same company. You may want to talk with your community banker about refinancing your home mortgage at a lower interest rate or transferring a balance on a high interest credit card to a lower rate card or a personal loan.

Next, consider how you might increase your income. If you've been considering a career change, this might be a good time to apply for other positions. You might want to add a second job, especially in a field that's enjoyable to you, for example, in a quilt shop, hobby store, musical performance, or youth sports program. Or, maybe this is the time to explore your entrepreneurial side by starting a low-cost business you've been dreaming about.

Faced with a need for more income, people sometimes decide to have a garage sale or sell items online. Beware selling any items you will eventually need to replace or items of sentimental value that you really don't want to part with.

Whatever you do, don't take on additional debt in an effort to pay immediate bills. Unless your budget challenge is truly a short-term event, additional debt will just add to your financial problems. Also try to avoid cancelling your health insurance or using retirement savings.

Many Wisconsin resources offer more details about how to track your spending, cut back, increase your income, and balance your budget. A few of them are:

- The University of Wisconsin Extension offers several online publications to "Managing Your Finances in Tough Times" at: http://fyi.uwex.edu/toughtimes/.
- The Wisconsin Department of Financial Institutions offers on its website a link to Practical Money Skills," including saving, spending, and budgeting: http://www.practicalmoneyskills.com/ (click on Personal Finance).

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