

PERSONAL BUDGETS

Overlooked Budget Items



ALPHA KAPPA PSI

The Professional Business Fraternity

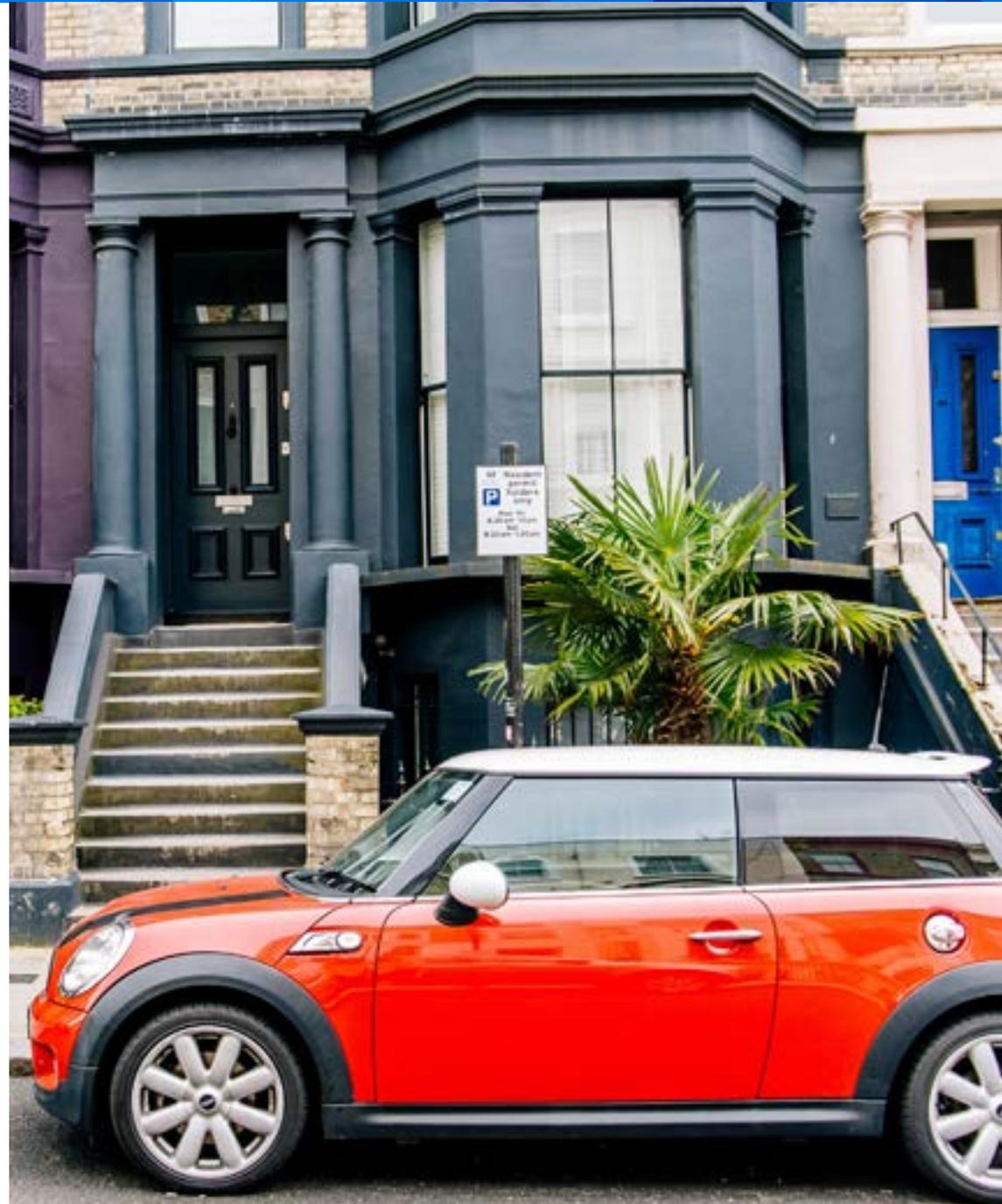
Introduction

Don't get caught in a pinch. Creating a budget is critical to managing your funds. Don't create unnecessary stress when it's time to pay the bills by forgetting to include items in each of these budget categories.

Fixed Expenses

Rent payments, car insurance, and utility bills aren't going to disappear, so they should always be factored into a budget.

It's especially easy to forget about fixed expenses that might be on automatic payments or might not be paid monthly, such as car insurance, vehicle registration, or annual donations. Remember to set aside these amounts first as you know they aren't going to change.





Depending on the month and your plans, some expenses may fluctuate.

You could be traveling more, or spending more on gas, or increasing grocery bills during the holidays with more family members to feed. Keep this in mind as you set your budget. You may go over or under on some areas each month.

One-time Expenses

Don't forget to count renewing your driver's license, purchasing a vacation flight, or buying new tires for your car.

While you won't always need to do those things, it's likely there will be some sort of one-time expense. If you know what is around the corner, you can plan for it. Otherwise, try your best to anticipate things so you aren't lost when surprises occur.

“Don't think those one-time expenses are just one time. First, it's a new mattress, then two months later it's a car repair, then three months later, it's a flight and hotel to go to a wedding. It's always something that pops up.”

– Kenny Goodwin, Controller for Infinium Wall Systems



You can't always predict when you will incur an expense or when it will be higher than normal.

Unexpected circumstances will incur costs. Colder weather can bring higher energy bills, car accidents can bring medical bills and a new car search, and company layoffs can cost you a job. While they may not always be drastic, if you don't account for unexpected events, you might find yourself in a bind. In your budget, include an emergency fund to prepare for these events.

“It’s easy to hit the ATM and forget what that cash is going for.”

– Paul Brinker, Director, Consumer Finance and Fair Banking for Fidelity Information Services



Every dollar counts, including your morning Starbucks order.

Spending a few dollars here and there on uber rides, ice cream, coffee, alcohol and other entertainment-type purchases adds up quickly. A \$5 cup of coffee each morning seems harmless, but at the end of the month, that amount could have covered a utility bill. Cash usually covers these expenses, making it easier to lose track of how much you’ve spent. If you know you’re the type of person to spend in this category frequently, include it in your budget so you aren’t surprised at the end of the month.

If you don't purposefully save money now, you might spend too much, leaving you without enough later when larger expenses come along or it comes time for retirement. Not only is it important to plan for emergencies and the long-term, but it's also critical to start a rainy day fund for those one-time expenses. Even putting aside a small amount each month can make a difference.

Planning ahead can save you from surprises. Remember to include expenses from these categories in your budget to see if you'll have enough to cover your costs, or if you need to re-evaluate.





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More in the Personal Budgets Series:

Budgeting...There's an App for That | Steps to Create a Budget | What to Do when You Overspend



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