

PERSONAL BUDGETS

What to Do When You Overspend



ALPHA KAPPA PSI
The Professional Business Fraternity

Introduction

Even when we take the time to create a plan of action, it doesn't always turn out how we expect. In the case of financials, sometimes we go over budget. If you end up spending more money than you've budgeted, follow these steps to get yourself back on track.





Stay calm

It doesn't do any good to worry about something you can't change.

The best thing you can do when you go over budget is to stay calm. Worrying about not having enough to cover your expenses will only cause more stress. Instead, focus on what you have and what you can do to get yourself back on track.



Stop spending

Don't add to the problem by ignoring it.

The worst thing you can do when you go over budget is to disregard the situation and continue to dig a deeper hole. This will set you back even further, which makes it that much more difficult to bring your finances back. Make it easier on yourself by cutting your spending. If you have to spend money for any reason, limit the amount as much as possible until you find yourself with more disposable income.



Review what happened

Find the root cause of your overspending so you can correct it.

Take a look at your transactions and indentify where and why you went over budget. Did you go out to eat more than normal? Was it something out of your control, like gas prices? If it was simply not paying attention to expenses, you can try to return unneeded items and remember not to spend as much next time. When it's out of your control, it's important to determine if it will be a short-term change or if you will need to adjust your budget to account for higher costs.



4

Adjust your budget

Rearranging funds could be all it takes to balance your budget.

Once you know the cause of your overspending, you can adjust the budget accordingly. The answer might be moving money from one category where you didn't spend as much to another to compensate for overspending. If each category was maxed out, however, it might be time to cut any unnecessary costs. Revisit your budget and see what is essential and what you can get rid of or downgrade to avoid this situation in the future.





Avoid additional costs by paying off debt as soon as possible.

If you don't have enough money to cover the whole bill, it's important to pay what you can. Most bills will offer a minimum balance that must be paid, but if you can afford to pay more than that, do so to minimize interest charges. Additionally, ask the company if payment plans are an option or let them know you might be late on the payment to see if they'll work with you. If you have the funds available in an emergency fund or savings account, consider pulling from there to avoid the interest payments, but then remember to build that account back up. No matter how much you pay, always pay on time to avoid any late charges. It's scary to see that you've spent more money than you have, but it isn't the end. Take steps to adjust your finances and lifestyle so you don't find yourself in that situation again.



ALPHA KAPPA PSI

The Professional Business Fraternity

More in the Personal Budgets Series:

Overlooked Budget Items | Steps to Create a Budget | Budgeting...There's an App for That



education@akpsi.org



1.317.872.1553



akpsi.org