BENEFIT Your Life

Getting Your Budget Under Control

What do you pay each month for your cable bill? Cell phone? How much was your last grocery bill?

If you can't answer those questions, you might not know where your money is going each month. And that means it's time to look at your budget.

No, wait, keep reading! Budgeting isn't glamorous, we know. But spending a few minutes with your finances can help reveal where you're overspending—and where you could be saving.

Develop Your Budget

Grab your most recent bills and pay stubs and use Vanguard's Home Budget Calculator to break down what your household is earning and spending every month. Then prioritize your expenses in this order:

1. Short-term needs (repairs and maintenance).
2. Long-term needs (retirement and education).
3. Wants (vacations and splurges).

If you find there are areas in which you're overspending, gradually reduce those expenses and put what you save toward your prioritized needs and wants. That's all there is to it.

It's probably not the most entertaining thing you'll do all week, but creating a budget is an important first step in increasing your savings and feeling better about your finances.