THE

WEALTH

STRATEGIST

Acquire the power of a strategic money mindset and learn how to invest wisely for the future. Get practical advice on managing your money, from creating a budget to investing in the markets. Set your financial goals, avoid common money pitfalls, and make your money work for you.

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ENTREPEDIA

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Introduction

There are many ways and tips on effective ways to manage money in general.

Technically, all these tips talk about one thing: being able to have money when needed, where needed. A lack and wanting desire to acquire money when the call arises does not necessarily mean not being able to manage money effectively but may just be an overshoot of unexpected events.

Nevertheless, the person should be able to acquire and find ways to come up with the needed amount if ever there is a strapped budget from the unexpected event that needs to be complied.

Look At The Future Goals

One of the most important and progressive value of a person to have effective ways to manage money is to have a sense of foresight. This foresight pertains to the ability of a person to know what things is most probable going to happen to him in the future and be able to prepare beforehand with substantial amount of time.

With this is a responsibility of being able to properly organize the timeline and the budget allocation of funding and financial allocation.

Also, in this regard, the consideration of all other fees, bills, and payment allocations would have to be properly identified and included in the plan.

An option of having to put an allowance or extended goal would be beneficial to the planner to allow himself to adjust and be able to cope up with unexpected events with a bit more ease. In this manner, the one who manages the money is able to have an extra for a rainy season ahead.

Invest, Invest, Invest!

Another method to effectively manage money is to invest in progressive and productive endeavors which could be other sources of income.

Instead of just allowing the savings to rest in a bank and earn a small amount of interest per year, it would be wise to allocate some of the money and other resources into a business.

Of course, it may prove unproductive and detrimental, but the allowance of such resources to different paths of productivity would widen the scope in which a person could determine and discover the best way to manage and have more money to alleviate the status in society.

Investing does not only mean having to go into a business venture but also in being able to become a stockholder, no matter how small into an existing business.

Being a stockholder and becoming a part owner of a running business puts the self into a profit-oriented state by having a percentage of the earnings that the said business generates. Nevertheless, the risk of losing the capital used for this investment is as great as having a self- owned one.

The 3:3:4 Paradigm

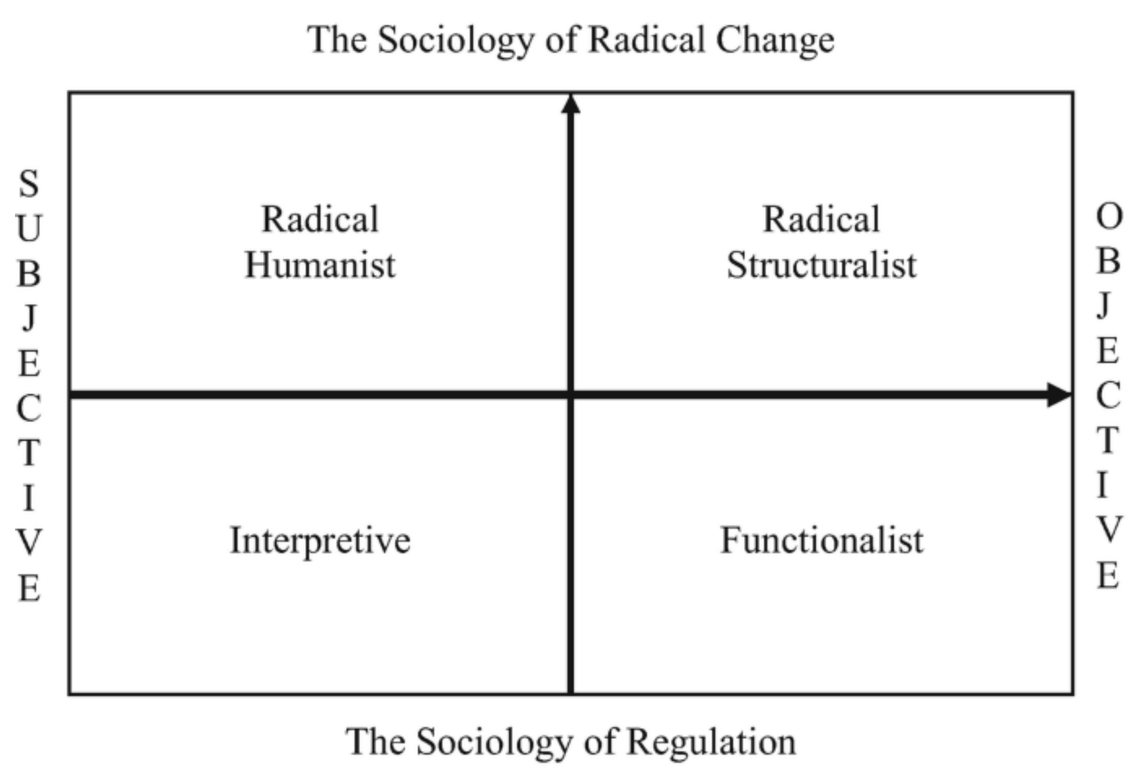
This paradigm takes into account that all the other utilities and monthly bills have already been paid and the amount left is the extra money that is left floating. Most probably many would not be lucky enough to have this, or if possible just with a tiny amount.

Still, no matter how small the amount is, it is a good start. The 3:3:4 paradigm means that 30% of the floating money is to be saved in the bank, 30% is then used to allocate for the investments of choice, and the remaining 40% is allocated to the leisure and luxury of the household.

The last aspect is important to provide a sense of reward for the earner to clear the mind of burden and discouragement.

These aspects when combined together are more often than not effective ways to manage money and not be burdened of having to earn money to pay off a previous debt.

This would be helpful to the earner to look forward in a progressive pace of living rather than retroactive maintenance.



Chapter 1: Basic Tips To Manage Money

So, you already earned your money. The next question presented to you is what you are going to do with it.

Even when one has the list of payables and obligations to liquidate the monthly charges, a means of properly handling the money is required to be able to maintain a stable and consistent budgeting.

Here are some basic tips to manage money…

Know When To Stop

Probably the hardest thing to do is to stop when it is needed, especially in terms of having more than what could be paid off. We should be able to know what things are plausible and valid to be supported with our own means of productivity. When we get more than what we could support, chances are that we end up giving them up, or worse, wrongly choosing what things to retain and what things to let go.

The idea of knowing the needs and wants also to fit in this description as we should be able to determine first what things we need than want. This prevents us from being biased in our judgment in acquiring.

More often than not, the things that we want are more appealing and are a greater risk of snagging us in a trap of financial burden and chaos in the long run.

Taking time to stop and think first and then evaluating what to prioritize first is essential to a progressive and stable money management.

Impulsiveness Means Disaster

One of the basic tips to manage money is to stop one's self from being impulsive. Even if we have already determined what to prioritize, we still have to further evaluate for alternatives and not actually spend on the first offer that comes our way.

When we are impulsive, there is a very high chance that we risk our money into spending for something that we could have gotten away with at much of a lesser price.

Risk Is Healthier Than Full Security

Risking the resources, we have for a productive cause and viable profit earner is a healthy practice to take by an individual. Though this may mean a loss of capital in the form of personal money, not investing and instead just putting it in your personal safety vault or the bank will stagnate your extra resources.

Nevertheless, careful planning and feasibility study of a business venture is needed to determine the most efficient way to establish and commence a risky business deal into a promising profit earner.

Planning Ahead Is Essential

Even if we still have a lot of flexible time to just sit around and enjoy each day as it passes by, planning ahead of schedule in terms of a few months to several years is important in projecting one's self when the future comes.

It does not have to be followed as rigidly as it should be, but just enough to become a basis of many activities and choices by the individual. Knowing where to go and what to do lessens the chances of getting stuck up in a crossroad of future choices.

Furthermore, this lessens the worries and anxieties that a person might be thinking as important dates draw near. In addition to that, these pre-set guidelines would serve as a means to calibrate the performance of the self with the intended output, therefore allowing him to properly reset or recalibrate the means of work and production in order for him to further increase the expected outcome reasonably.

These basic tips to manage money are just a few of the many means to effectively have more resources than just getting break evened with your salaries and allowances.

Manage Money And Earn More

Managing money is associated with saving, budgeting, keeping, and the like. However, the truth about managing money is that it is just a concept that encompasses a larger scheme of handling money.

The way to manage money and earn more is more than just a single way concept. Not only does managing money mean being able to keep money per se, but also to be able to mobilize the money that we have to the direction in which we intend them to go. This includes investment, business ventures, and leisure activities.

More Saved, More Resources

Though it is quite confusing to understand how one may be able to earn more when he is saving more and not the other way around, the concept of the former dictates the effect.

Being able to save more will give you more freedom to allocate the money in what business and endeavor one seeks to have. In conjunction with the previous statements, managing money does not only mean saving, but being able to have the resources to move about. In this case, having more money in the bank or floatingly available enables you to use them for businesses or leisure.

The Power Of Capital

Should you choose to invest your earnings and savings on a business venture, one thing that limits one's capability to start off with the desired business is the capital needed.

Though most businesses require a substantial amount of money, these are the big establishments which require a corporation of several investors with investments in the millions.

As a private businessman or entrepreneur, one may start with a personal business of a small nature such as handcrafted items or services and work your way up from there. Once you start rolling in the Benjamins, you are on your way to choose your path to either retain your business or go higher up the economic chain.

Capital and the way to manage money and earn more in the process is a tricky and risky thing to do though. Be prepared to accept a losing business as well.

Wholesale Concept

Another concept which enables you to earn more is always to keep a wholesale concept in mind. This is simple defined as being able to see that the more you acquire in a single deal, the more you save, and the more you save, the more you can use that savings for other businesses or other requirements, therefore cutting down on the total projected expenses.

It may not be always be the case for many, especially if one has a very limited capital to invest. Nevertheless, what is more important is that one can work efficiently in one's own means of production and not depend on floating bonds and loans as these are the usual causes of a business to stay stagnant and not earn due to the interests. It is quite daunting to manage money and earn more, with the consistent juggling of resources and risks to achieve at something without foolproof success. However, a properly set management and a little bit of luck will definitely rake in big rewards to the whole process.

Starting small and working up rather than starting with big things right away is crucial to the learning process and the tricks and trade as well in business handling. This is what will matter especially when the competition becomes tighter in the higher business environment.

Chapter 2: Manage Money And Save More

Every day, we are tasked to handle a number of responsibilities and obligations to make sure that each choice that we make and each action that we do would keep us in our normal state of being.

From the health to the financial choices presented on a daily basis, we are tasked to make the right and responsible choices lest we want to be in a state of confusion and detrimental scenario.

In the financial aspect, we have to manage money and save more in the process. Here are several ways to effectively carry out such task.

Increase The Savings

Easier said than done, increasing the savings would entail us to sacrifice some other type of leisure or free time. In addition, increasing savings would definitely need the added money required to accomplish this, and with a fixed and determined rate of salary for an average worker, some of the allocations for other existential budgeting would have to be compromised.

It does not require one to totally divert all other extra budget to saving as there are also other means to manage money and save more. One is to invest in a productive venture, perhaps a small home business, an online transaction or two, or putting some of the money into stock holdings.

Even if this option does not literally mean saving more, you have converted the function of the money from being an expense into a withholding entity capable of bringing in increased inflow of cash to augment and thus be added to the total amount to be allocated for savings.

Lessen Unnecessary Leisure

While leisure and breaks are needed by anyone to retain psychological sanity and empowerment, leisure which requires money to be spent at a constant rate would have to be thought of carefully and with utmost deliberation.

If the expenses for such leisure are already compromising the obligation to save, and without contributing to added income, then it should be placed in the least priority of activities. There are many activities which provide fun and relaxation without having to dole out money.

Even watching television is already technically a non-spending leisure time. Just make sure that the time spent on watching television does not interfere with work or other responsibilities in the home and business.

Turn Idle Time Into Productive Fun

Idle time is considered to be doing nothing when there is something else worthwhile to be done and accomplished. In contradiction with leisure, being idle is just having to do nothing and letting time pass without thinking of what things may need to be done at a certain time. Idle time may be turned into productive fun by engaging in a hobby. Though a hobby may require a small amount of money to start with, one may actually use this hobby and turn it into something profitable and caused oriented.

For example, instead of just surfing the internet and doing nothing, one may turn it into a means to search for better offers and jobs. In addition to that, the internet may be used as a marketplace to practice some healthy buy and sell practice.

Alternatives Are Alright

The way to manage money and save more may be done with having to choose the appropriate alternatives to save more while still getting the same amount of product or service.

There shouldn't be any problem with having to choose with a less known brand of food product for example or having to avail of special offers and bonuses because more or less, this only comes in the way of self-image and social status practice.

Manage Money Without Depriving

It is a fact that there would always be a system wherein we will not be getting everything we want because of financial limitations. In short, we cannot have everything at the instant we would want it.

There would have to be planning or if not, some careful deliberation about whether we would be getting the item we want or not. This is because sooner or later, finances would always fall short of the expenses.

That is why we manage our money and budget for the things that we would want to acquire. Nevertheless, when we manage money without depriving, we would want to be able to enjoy a certain degree of satisfaction and fulfillment without compromising our savings. Deprivation would mean curtailing our freedom to the point of not being able to enjoy some of our hard-earned resources.

Though it is an irony in itself that we are already limited with finances and yet would not want to be deprived, a balance of enjoyment and requirement is what dictates the existence of deprivation if ever.

Earn More

One of the most common means of people to raise the level of financial freedom is to earn more by working more.

However, this is limited with the many social factors which include degree of educational attainment, time, job availability, and more often than not, personal accomplishments.

Some may get lucky to be in the lighter side of personal assessment by the human resource personnel and be accepted for a job despite the incomplete compliance of requirements.

There are also some who, despite their educational attainment and personal socio-civic accomplishments, are still not able to land a job they desire due to a personal prerogative of the recruiter to not accept the applicant.

What this presents is a semi-random chance of a person to fully comply with all the factors which constitutes landing of another job than the current one. Save More

A classic means of how to manage money without depriving is to focus on saving the excess money that flows in the household after deducting all the other monthly expenses and bills. Saving money definitely means having money when the need for an important expense is required.

Saving more would merit to having more extra cash, but also poses a paradox in itself in a way that when you save money, you are already keeping that for something projected as an event that could happen. In this manner, there would be a difficulty in using that fund intended for an important thing to be spent on something that would just be for leisure and satisfaction.

Learn To Be Content

The degree of limitation and deprivation on a person's financial resources is dictated by the personal level of satisfaction. A person's idea of contentment is the same as his perception on what he needs and wants.

A person who is "want" oriented will always be seeking for things that may already be unattainable at the current financial level and would feel deprived of such.

On the other hand, a person who is "need" oriented would be able to do away with leisure and may also feel deprived deep inside of finer things that may have been acquired.

The key to manage money without depriving is to learn to already accept what is possible to be attained and work from there. If there is a rather unattainable thing to spend money on, then that is the time the person should plan and think about the means to reach that and make that attainable.

Chapter 3: Manage Money In Business

Handling a business is similar to handling a home, with all the different expenses to consider preventing the business from going under with deficits and bankruptcy.

A business has “children” in terms of all the employed workers working hand-in-hand and with utmost efficiency to make sure that the finances float above break even.

There is one main focus for a business to thrive and exist in security and balance, and that is the knowledge of knowing how to manage money in business with the overhead and operation expenses.

The Main Focus: Overhead And Operation Expenses

Overhead and operation expenses are all those billings and outflow of financial allocation in order for a business to run smoothly both internally and externally with society. These all include the wages and payroll system for all the employees, and staff who handles administrative jobs.

Also, in this regard are the different community utilities such as the water and electrical services. Another is the internal service personnel such as the security, and janitorial services.

Finally, all these are subjected to the different taxes for the building, business, benefits of employees and other imposed fees from the local government.

Without proper and substantial funding for any of these, the business will surely have a hard time operating at full efficiency and thus would put the whole venture at risk of either being overrun by competitors or be shadowed by loans and bills.

Wages and The Payroll System

Employees and administrative staff are dependent on the wages that they garner from the administration of any business. One may consider this as the lifeblood of any entrepreneurial endeavor.

Too much of a rate in wage and one may expect a negative profit for the business. Too less of it would result to employee dissent and probable risk of being left for another competitor with a higher wage rate.

The wage rate is as important as balancing the allowance of kids if compared to a home setting. Improper allocation, neglect, or overly budgeting for it may affect other aspects for proper budgeting.

Utilities

Common in any environment and setting of existence in a modernized community, the utilities are crucial to the operations of a business to furnish the required output, may it be in kind or in reports for the administration to study.

Electricity is utterly important to allow Electronic Data Personnel in computing and foreseeing the budgeting and future prospect of the business versus the community needs for their kind of service.

Another is that electricity is needed generally to provide comfort and convenience to the clients of the establishment to retain clientele.

Internal Services

Internal services which include the janitorial and security services are as important to businesses, especially when the size of the company becomes bigger and would require a more complex organization of human resource.

These two services are important for the maintenance of the physical security and existence of a specific establishment from being unpleasant for the eyes of the clients.

Furthermore, security service is essential to provide the sense of needed security of clients when they would be entrusting their hard- earned cash and resources and exchange these for services which the business offers.

Taxes

Not one is exempted from the community taxations to contribute to the community and benefit from the different infrastructures and community services which the local government imposes.

Besides from being a requirement by law, allocation of budget to taxes is a crucial way to manage money in business to properly set the establishment with government plans.

The way to manage money in business becomes more complex as technology and services are upgraded over the years. Nevertheless, the focus remains the same and simple, but dauntingly task oriented.

Chapter 4: Manage Money For The Home

Managing money may have been something that we have already started practicing since we started receiving allowances from our parents.

Most of us learned to manage money at a later time when we got to elementary schooling since we only had our lunchboxes during kindergarten to support our ever-hungry stomachs.

As we grow older and leave the academic environment, we then begin to focus on managing our money on other things such as a relationship and self-sustenance. As we go into married life and start our own family, we then focus on how to manage money for the home.

There are many things to take into consideration when we manage money for the home and allocate the appropriate budgeting of our salaries to prevent ourselves from having credits, and on a worst-case scenario go into bankruptcy.

This also happens even with a combined salary of each parent. Such end point would be damaging to the self-esteem and living conditions of each member of the family.

Before we get into such confusion and inconvenient status, here are some of the basic things that we need to allocate tight and properly allocated budgeting, given that responsibility and the number of kids has been taken into consideration.

The House

One of the most important things to consider in allocation of budget would be the house. Mortgages and taxes that come along with the acquisition of a house would have the greatest impact in a family budgeting scheme as it would be the basis of living.

Without a proper house to dwell in and a home to thrive in, each member of a family would have the trouble to set up the other factors for managing money for a home setting.

Even with non-owned dwellings such as apartments, condominiums, and the like would require an added burden on the budget scheme as the rates of the homes being rented would vary depending on the landowners' preference. This factor would require one of the top priorities for budgeting besides food.

Food

Food is one of the essential things for human existence besides air and water. Without it, we cannot function properly for long and we would definitely expire. Food is not free like air and perhaps water in some cases, and definitely would have to be given allocation in the budgeting in a home setting.

Even if food calls for the most urgent attention for compliance, it does not require as much financial allocation to meet the least requirement as compared to a house. Furthermore, food is abundantly available as compared to a house or dwelling location.

More About Utilities At Home

Utilities are the different services that the home enjoys for a more efficient and convenient living. These include water, electrical, gas, and heat services, with the last two being applicable to more modern communities located in the colder regions.

These are almost as necessary as the essential needs as they are already part of the living conditions of a home.

Being conscious about the things to be considered to manage money for the home is very crucial in attaining further goals in family existence and being able to provide the necessary things in which the family would thrive and prosper.

Without responsible budgeting, chances are that credits, and bills would amount to drastic amounts which could damage the harmony of each member's living.

Manage Money Through Banking

Perhaps one of the greatest breakthroughs in civilization is the concept of banking. Banking paved the way to the creation of bigger corporations, complex institutions, more secure financial transactions, and global economic interdependence.

People manage money through banking to make sure that the heard earned money that they acquire stays safe, healthily anchored in a national market, and easily accessible without having to hold on to the money itself.

Banks have been introduced since approximately 3 B.C. when temples held resources in terms of grains and other produce for commercial trading. Modern banking which standardized banknotes as currency was established during the 1500's and marked a new era of western banking as well.

Since then, banking has been brought to new heights with introduction of technology which allowed virtual banking while still being associated with real world currency. Faster transactions and larger volumes of money can now be transferred to any point in the globe with a global banking system with just a click of a button.

Managing money has been developed in consistency to provide ease of understandability and utilization for the common citizen as well. This ensures that a healthy banking and economic environment is maintained.

Personal Accounts

The most common and simplest form of a way to manage money through banking is by opening a personal account. This is then given an option of how the account should act, either as a savings account or a checking account.

The former is the most basic form of savings with a fixed interest rate, as well as a minimum maintaining balance to prevent account closure.

The latter is designed to allow individuals who handle a larger amount of money to transact and pay without having to go to the bank and withdraw the large amount of money, thereby exposing himself to danger. Checks are tendered as legal bank notes, holding power to be converted to cash by the recipient.

Time Deposit

Time deposit accounts are fairly simple in nature. It is similar to a savings account, but only that there is a fixed matrix set by the bank for client compliance in terms of the amount of money deposited.

This is of course corresponded with the appropriate interest rate and benefits, should the amount in the matrix be higher.

There is one main catch for this type of managing money which is that when the individual engages on this savings type, the money that was deposited is waited to mature before it can be manipulated.

Otherwise, the interest rates and benefits are not honored or curtailed in the process.

Credit Cards and Debit Cards

Credit cards and debit cards are two of the other alternatives to do banking. These are electronically crafted items which can be used to serve as a portable resource. Establishments supporting these types of transactions credit the expenses directly to the bank holding that account for any charges that are billed to the owner of that card.

Though this is a convenient and safe way to not bring any cold cash around, the risk of getting victimized by fraudulent activities such as credit card information hacking and the like also exposes the user to a level of threat with his money and resources.

A credit card is a feature given by a bank to its client to be able to buy in advance and be billed later on and deducted with the appropriate charges incurred over a monthly cycle plus taxes and charges.

A debit card is more of a limited credit card that allows the user to transact with an electronic card with establishments, only that the amount of charges that could be incurred is based on the actual money in that account and nothing more.

It is a tricky concept to manage money through banking if not understood correctly. It is therefore encouraged to the clients to read the fine print, and the terms and conditions as well for the different bank policies.

Manage Money Through Stock Marketing

Besides investments on businesses and banking, an option to manage money through stock marketing is also viable and plausible. Most probably many would be skeptical with this approach with all the intricacies and complexity of stock marketing as see on television, but on the real deal, stock marketing is fairly easy.

With a little bit of math, a little bit of good judgment, and a fairly big amount of luck, a person who starts investing small in stock marketing may find himself earning more than his job in the long run.

The Stock Market

The stock market started approximately during the 11th century between the Muslim and Jewish merchants who were into trade associations of buying and selling their stocks and merchandise.

As the concept of marketing grew bigger and beyond the individual manual selling, a more complex approach to handle these staggering amounts of transactions were realized.

Modern day stock markets handle global economic corporations, as well as privately transacted shares and holdings of businesses included in the stock market index. These entities are constantly monitored with the prices for each shareholding that they make available either to the public or privately.

The nature of the stocks that are being sold to a public market depends on the laws that govern the nature of the business and other pending subcontracts. If available, a common citizen may invest some of the savings into buying of these stocks as investment.

Technically, a common individual who becomes a shareholder becomes part-owner of that company, with the invested amount being an investment for the company to mobilize and execute their means of business. As the company performs well, the price of shares increases which means a profit for dividends for any investor holding a share and vice versa.

Buying and Selling

Buying and selling is a simple concept to grasp in this manner. One has to buy when the price per share has been at a low and sell them when the price is high.

However, the catch to this is that there are a number of factors why a price of a certain corporation is low. This may indicate that the performance has been degrading and therefore a lower investor interest causes the price to drop to acquire new investors.

On the other hand, a high-priced share may indicate a good performance from the company.

Part of the way to manage money through stock marketing is to know when to weigh the pros and cons of knowing when to buy or sell shares. It is important to determine the trend of price shares and transactions between brokers and shareholders as well.

Similar To A Gamble

The stock market is similar to a gamble of risking the money earned to buy stockholdings and hoping that higher intervention would allow that company to perform well at a consistent rate to earn dividends. Think of it in a similar way as that of currency rates.

One may invest in buying a certain currency if the price of each foreign currency is still low against the local currency. Furthermore, a projection of foreign exchange rate going up soon would be a factor to invest in it and selling them when the rate is at its peak. The added value per local currency becomes the dividend or profit.

When one wishes to manage money through stock marketing, one becomes engaged in a more complex form of virtual buying and selling in a corporate and economic level. Still, small time investors are still able to have a share of this venture and work their way up from then.

Chapter 5: Manage Money With A Tight Budget

More often than not, the average salary earner garners just enough money to support and be on a break even with the numerous bills and fees presented to him.

There is a common misconception of having to manage money with a tight budget in terms of being given the image of incapacity or lack of capability.

However, in an optimistic point of view, having to manage money with a tight budget actually brings out the good qualities that a human being has in order to survive and exist in harmony with the demands of society. This only requires self-reflection and responsibility to focus on the self needs and thinking.

Tight Means Availability

Having a tight budget would mean that we are able to discern what things are available to us and also allows us to properly identify and rank the things we need instead of what we want. In addition to that, we are able to choose and deliberate on the better benefits that we would be getting from choosing a better alternative than the one we would normally want.

The resources and basic needs of a person are already available in the society. Even as simple as the simple grocery items that we need for the maintenance of our homes are marketed in different brands and their respective offers.

All we have to do is know and understand the fine printing of each product and know what we really need at the right time.

Tight Means Better Responsibility

Having to deliberate on the hierarchy of needs we should be spending our hard-earned money brings out and develops our sense of responsibility. This responsibility ranges from the actual management of money for needs rather than wants, and also applies to the choices that we make to manage our existence.

We are also developed into thinking what we have to do at certain stimuli presented to us. In this aspect we learn to juggle and balance a very complex management system and practice perfection and efficiency from within.

Tight Means Better Management Practice

Being able to practice proper management would definitely bring about a more efficient means of existing without much problems of having to look after things other than what we expected.

For example, a credit card should be used to acquire things that are not accessible for normal acquisition or when an emergency is at hand. Still, having this power to have advanced “money” in form of a loan does not mean that we should be using it as normal as if we had the actual money.

Remember that this is borrowed money and therefore should be paid back. That is why sometimes a credit card is better left at home to lessen the chances of mismanaging money due to a subconscious thought that we are able to bend our budgeting anyway.

Tight Means A Means For Proactive Goal Setting

Human nature dictates that when provoked, a human fight back. This is a common and usual occurrence for any aspect that deals with human existence, including managing money for survival and living. When a human is presented with a tight budget, he is presented with a limitation that restricts his freedom.

A normal response would be that the person finds ways in which to ease up a little bit of restriction one step at a time. This should ideally be the flow of thinking of proactive goal setting.

Have a plan of projecting yourself several years in the future and look at what you want and need, and plan ahead. This also includes having to find ways of earning a bit more to add to the efficiency of productivity over time.

Remember that the way to manage money with a tight budget is to look at it as a stepping stone to look for greener pastures, not as a wall to block your aspirations.

Chapter 6: Family Budgeting and Saving Tips

There comes a time in every family where we have to evaluate our spending and start looking out for the future.

Times are tough and if we're not careful, we'll go through our savings only to end up back at square one.

Perhaps you haven't yet been able to save, and you feel as if developing a family budget is far too difficult. Well, as a working mother of five, I'm here to tell you that despite your expenses and the size of your family there are still ways to effectively budget, save money and make every dollar stretch further than ever before.

If you're struggling to make ends meet at the end of every month, or you are falling into ever-growing debt, now is the time to rework your finances so that you can improve your lifestyle and protect your family's future.

Regardless of your income, there are ways to cut corners and save money.

Keep in mind that developing a family budget doesn't mean that you can't occasionally splurge or that you need to restrict your family in any way. In fact, it's quite the opposite.

Your mindset will be to curb spending where it's not directly benefiting your family in the long run, and to stretch, invest and make better purchase decisions. In other words, it's about making your money go further - and work harder for you and your family.

Creating a budget will also help you identify "cash leaks" quickly, and in many cases, you may not even notice where a good portion of your money is going.

We all make "routine" purchases and just based on our lifestyle choices and habits alone, we can end up spending twice as much as we really have to.

For example, do you visit the grocery store more than three times a week to purchase meals and supplies for your family?

If so, cutting this down to one trip a week and getting everything, you need at once will instantly reduce your spending.

Not only will you purchase only what you need, but you'll be able to design your shopping around current weekly specials, so that you are taking advantage of coupons and discounts.

Your budget can be as flexible as you're comfortable with as well, changing as you make more money, or as your family requires.

This report was written to provide you with the ability to create a systematic process where you can easily start saving more money each month and improving your family's lifestyle while protecting your future.

Evaluating Your Spending

For most of us, we're living on a fixed income where we know what to expect with each paycheck each month, and if that's the case with you, you'll find it much easier to strategically develop a budget plan for your family.

If you are an entrepreneur or working in a job where your income fluctuates, you can still develop a budget, but you'll need to make sure it accommodates any possible decrease in income each month.

The first step in developing a budget is to take stock of your fiscal situation. Assess exactly where you are in your financial life, taking inventory of all expenses on a month-to-month basis.

When you begin to list the different expenses you have, you'll gain a better idea as to how you need to better manage your money, while identifying potential ways of saving a bit of money each month.

Remember, you don't have to save hundreds a month, but instead, work within a budget that helps you pay the bills, while putting a little aside every month. It will add up quickly.

When evaluating your expenses and spending, you need to begin by writing down your bills but make sure you also analyze bank statements and credit card accounts. You want to keep an eye out on "casual spending" where you are spending money on places that aren't really necessary.

Budgeting begins with self-evaluating your own spending, and then taking a closer look at your monthly bills to determine whether there are ways of consolidating your expenses to make it more manageable for your family.

When going through your expenses and identifying key areas where you can save money, be sure to include a detailed list that segments your spending into categories.

For example, your spreadsheet could include "Obligatory Spending" such as your mortgage or rent payment, as well as "Necessities" which include food and utilities.

Then, include "Pocket Expenses" including entertainment and of course, "Family Allowances" that may include family trips, clothing, home improvements, and misc. events and items.

The more you create a detailed overview of your spending and overall costs, the easier it will be to identify areas where you can cut spending and save more money.

Writing your expenditures down often sheds a lot of light on areas in your financial life that could be 'tweaked', and that extra bit of money each month will go a long way.

A budget helps your entire family focus on common goals. It is unifying families in mutual purpose and effort, working together towards a successful outcome and reward. In addition, setting a family budget helps you prepare for emergencies as well as unexpected expenses.

Tip: One of the easiest ways to get the kids involved is by offering them a weekly allowance in exchange for doing odd jobs around the house or set up a bank account for each of your children and deposit their earnings on a regular basis, showing them statements of their account growing over time.

Not only will this help them learn how to budget, but you'll each them a very valuable lesson about responsibility.

Chapter 7: Cutting Down Costs

Even if you believe you're fiscally responsible and you're simply unable to cut costs down any further, ask yourself –

How often do you grab a quick coffee on our way to work? How many times do you eat out a week? How often do you buy snacks, magazines, or little personal items each week?

While it might not seem to matter much when you're only spending a couple of dollars here and there, add it up over the course of a month and you'll be surprised at just how much more money you are able to save.

Budgeting does require some sacrifice, but if you're willing to make the commitment to saving for your family's future, even small changes will go a long way. Consider packing lunches for work, brewing your own coffee and subscribing to online versions of your favorite magazines.

Not only will you get the information faster, but it's often far more affordable!

One of the greatest expenses every family has is the grocery bill. Depending on your family size, this could range anywhere between
$150 - $300 a week, but even with having to make sure your family has what it needs, there are still ways you can cut down on your grocery bill.

For starters, you should consider planning out a week of meals at once.

Doing this will make it easier on you to get everything you need in one grocery trip, but it will also get your family involved in making decisions based on different meals of the week.

Better yet, planning out meals will cut down the costs of "last minute lunches" such as through take out restaurants or over-buying.

You should also consider lower cost meals every other week. Write down 10 different meals that you can make for under $20. This could include pasta dishes, and lunches that are not only easy to prepare but feed everyone - with leftovers to spare!

You'd be surprised at just how much you can decrease your grocery bill with just a bit of meal planning and preparation.

To save more money, you should get a copy of the weekly flyers in your area, paying attention to special coupons and deals that are available at your local grocer. Many supermarkets offer "buy one, get one free" days or "double coupon days", where you can stock up on supplies and adjusting your meal plan based on current specials.

You should also look for store brand products, rather than major brands, as they are almost always cheaper, while still offering the same quality!

Shop in season. Fruits and vegetables are far more affordable in season than when buying out of season so keep this in mind when planning your family meals.

You should also consider shopping in the evenings as many stores will reduce the cost of perishable items before closing as well as on weekends.

Think about your buying habits. Do you visit the supermarket several times a week? Do you buy more than you plan to?

Planning meals and thinking ahead will reduce unnecessary spending, and help your family get into a healthy routine where you not only eat better - but it costs less!

Apart from your family's grocery bill, consider other ways that you can save money, such as by shopping at bargain shops, dollar stores and farmers markets. Not only will you be doing your part to recycle, and contribute to local businesses, but you'll be able to save money in areas that you never even thought about!

If you have school age children, consider buying school supplies off- season. You'll find that school supplies are much more affordable in summer months than in the fall.

Consider shopping at outlet malls. Not only are they being more affordable, but they often carry the same styles and fashions as the larger malls!

Take a good look at all of your household expenses. Is your power bill higher than usual? Turn off appliances when not in use and pay more attention to what is running throughout the day.

Consider replacing your lights with fluorescent lamps as they consume less energy while providing the same amount of lighting.

Take inventory of your appliances and plumbing. Are there pipes leaking that are causing your water bill to soar?

Are you losing heat due to poor insulation? Your goal to save should begin by surveying your household.

You'd be surprised at just how many small changes you can make that yield big results!

Money Management Strategies

The moment we hear words like investment, portfolio and management many of us tend to think that this jargon is meant for the Wall Street kind of guys only.

Money management is often perceived as a boring and tedious task which concerns accountants and investment bankers more than us. But managing your own money is intensely connected to your own freedom in life.

The day you look at money matters from this point of view, it all becomes fun! Let us look at 5 simple money management strategies here:

Early retirement v/s late retirement: If you plan your finances with the target of retiring early, you will be more conscious about spending and saving. This can be highly motivating, and you will definitely save faster and more in a year as compared to going along to a normal retirement age.

Small income v/s Large income: A small income worker who saves diligently will end up saving more than a high-income worker who spends wildly. So, don’t fret that you aren’t earning enough. Budget your expenses shrewdly, without a compromise on the quality of your life.

Smart worker v/s simple worker: A smart, intelligent employee will often be overconfident in his ability to go on drawing high salaries indefinitely, while a simpler worker knows his limitations and works within them.

The “intelligent" investor often gets entangled in complicated schemes that don’t always yield gold, but the simple man stays on the straight and narrow path to sure gains.

Credit v/s Cash: Ensure that you pay your credit card bills in time. Falling into a chronic debt trap is the worst pitfall for your money management. For that matter pay all your bills in time, be they utility or grocery bills. Fines for delay and hidden charges will pop up and eat away at your savings.

Ant v/s Grasshopper: Setting up a careful budget and sticking to it can pay rich dividends. Also ensure that an emergency fund is gradually built up to tackle the lemons that life may throw at you. Frugal living does not mean stingy, miserable living.

Budget is enough fun in your life too. Yesterday's extravagant living is passé. The new money management is fueled by „green" attitudes and a responsible, enriched lifestyle.

Chapter 8: Teaching Kids to Manage Money

"Money is like a sixth sense without which you cannot make a complete use of the other five." - W. Somerset Maugham

Teaching young children, the importance of managing money responsibly can help them live fuller and well-balanced lives as adults, using all six senses to maximum efficiency.

They will have learnt their ABCs as tiny tots, but as growing kids you can teach them the five Bs of effective money management:

Budget – Let your child outline his or her needs in a typical month and plan a budget around these costs. Provide for recreation and reading as well, you don't want Jack or Jill to be dull children!

Balance Sheet – Print out a simple balance sheet template and teach them how to enter their debit and credit every day. At the end of the month they will know exactly where they stand, thus imbibing a sense of fiscal responsibility.

They will understand that there is no such thing as a free lunch! And that a dollar saved is a dollar earned.

Board meeting – Discuss and communicate with those associated with your income and expenditure. If your children need additional money all the time and cannot manage within their pocket allowance, you can help them prioritize their spending.

Explain to them that skipping lunch with the intention to eventually buy a PlayStation also amounts to misappropriation!

Bills – Teach young Jack or Jill to collect every bill, receipt and piece of paper related to his pocket money income and spending. That will also help them prepare their balance sheet easily.

Banking – Open a junior account in their name and let them operate it. Accompany them to the bank and let them understand the various aspects of banking and money management.

You might just have a successful Wall Street professional in the making. They should be ready to roll by the time this recession is out!

In the course of your money management discussions over breakfast, they may also ask you about another B – “Dad, what’s a bailout?!!” If you teach them sound financial ethics when they are young, their company won’t ever need a bailout for sure, when they have one!

Money Management for Teens

"Give me the strength to change the things I can, the grace to accept the things I cannot, and a great big bag of money." - An unknown 13- year-old.

This version of the Serenity Prayer is often on the mind of your teenager. How are they going to get that great big bag of money? But even more importantly, how is he or she going to manage the small amount of money that you give them?

First let us calculate how much money they need. Standard costs would include school lunch money, book money, money for field trips or outings and a weekend entertainment allowance.

Don’t forget to add a reasonable amount for magazine subscription and books and music CDs or DVDs. Teenagers must be encouraged to explore the arts and knowledge. Add to this an allowance for household chores carried out by your son or daughter.

Keep the allowance flexible. If he or she should require new football shoes for the season as they old ones are worn out, you will have to cover that as well.

Once a budget is fixed, tell your teen that these costs have to be adhered to. You may find that he or she is skipping lunch to save and buy something else that they desperately want. Talk with him and understand his needs but be firm that allocated funds have to be used for the agreed purpose only.

Teach them to maintain a simple balance sheet. They may also be earning additional money by delivering papers or working part time at the local pizza store. From the balance sheet they will know where they stand at any time and they will also understand the responsibilities of money management.

Maintain transparency in all accounts. Insist that you „audit’ their accounts periodically so that you know the allowance is not being abused. But also, be sensitive to his or her need for privacy. When they know that you are respecting them as a trustworthy money manager, they will try and will up to that trust.

Chapter 9: Investing Money

A lot of advice abounds on what you should do to invest your money wisely.

But if you understand what you should NOT do with your money, you may be safer by far! Note the following 7 tips carefully.

1. **Don't take excessively long-term loans.** The interest costs of a 40-year mortgage or a 7-year automobile loan will far outweigh the benefits and the value of the asset will reduce to zilch.

2. **Don't invests in something you cannot figure out.** Get an accountant to explain the fine print of the investment. If it doesn't make sense, trust your gut instinct and stay away. Ponzi schemes, pyramid rackets and fraudulent fund managers will plunder your savings before you can even say Madoff!

3. **Don't pay an accountant more than he is worth.** Is the value of the advice proportional to his high costs? Check on his credentials before shelling out hefty fees. Can't someone else do an equally competent job?

4. **Don't invest all your money in your company shares.** That's like putting your eggs in one basket. If the market hiccups and your business fail, your savings go down the drain. Keep that investment below 10 percent of your portfolio.

5. **Never apply for more than one credit card.** The craving for impulsive buying will worsen and burn a huge hole in your finances. Ensure that you repay that one card well before the last date to avoid unnecessary fines.

6. **Don't liquidate your pension fund to finance your children's education.** They can avail of loans. You won't be so lucky when you are past your retirement age. Keeping your 401K well-funded allows for long-term growth. That's a thing you must be careful about.

7. **Don't buy into investments that promise the sun.** Give preference to funds that have performed well last year and give reasonable returns comparable to similar packages.

Protecting Yourself from Illegal Money Management Schemes

Every year millions of dollars are lost by hardworking honest people who have trusted some dubious organization with their money. It is best to be forewarned about such crooked schemes.

Here are some tips on what you can do to avoid these schemes:

Managed Investment Schemes – These are setups where money is collected from individuals and utilized for investment purposes. You have no day to day control over your funds or knowledge where your money is being invested or to whom it is given.

Cash management trusts, equity trusts, property trusts, agricultural schemes – all such schemes should be thoroughly checked before you make any decision.

Ponzi Schemes – Bernard Madoff has become notorious for his infamous Ponzi scheme that plundered billions of dollars around the world. In such an investment scheme, money is collected with the promise of rich returns. Subsequent deposits pay for the earlier investors and the cycle keeps going.

Eventually the scheme collapses on its hollow core and the last group of investors is wiped out. Remember it is illegal to receive profits from a Ponzi scheme and you can be liable for recovery and penal action.

Pyramid Schemes – Unlike a Ponzi scheme, these outfits promise you to multiply returns when you recruit more investors into the chain. Those who fail to draw in other „victims" lose their money. Eventually your „network" also withers away, without the golden promises of rapidly multiplying money ever coming true.

The modus operandi of such MLM, binary marketing or chain referral schemes as they are fancily named is to quietly disappear when the base of the pyramid has grown large enough for a massive loot.

<u>What you can check:</u>

Ask for a copy of the company's audited accounts for the last few years. Ensure that the company is registered with your national registrar of companies or relevant monitoring body.

Check if the investing company has a license to operate such a scheme. A company with all necessary certification will also have insurance to cover their losses if their project fails.

Beware of any company that promises disproportionately high returns within a short time. Consult an accountant and lawyer and a local finance authority to investigate such claims.

Conclusion

In order to develop a successful strategy that helps you save money every month, you need to begin by defining your priorities.

Begin by writing down the most important aspects of your life, as well as what you want for your family. Priorities are similar to goals except rather than defining milestones, you simply create an overview of what you are hoping to achieve.

Once you have listed your family priorities, you then determine your goals. With goals, you are defining a specific amount of money that you'd like to save within a certain time frame.

Setting goals is incredibly important, because it keeps you on track while giving you the opportunity to see your progress every step of the way.

Make sure your goals are reasonable ones! You want to set yourself up for success, not failure and so it's important to truly evaluate your income and come up with a reasonable amount you can save each month.

Your goals could also include making future purchases or payments.

For example, your goal could be to save 10% of your monthly income for a child's college fund.

Limit your goals to 2-3 per priority. You want to maintain focus and be able to stay on track without feeling overwhelmed.

Once you have determined your priorities and goals, it's time to work towards reaching them!

Your entire family will need to get involved in this, so it's time to have a family meeting where you discuss the benefits of setting goals and budgeting as a family, highlighting the rewards so that your family is focused on the same goals that you are.

Track your progress, communicate with your family every step of the way, and maintain a system that allows you to quickly monitor your progress (and success!)

Make it easy for your family to save more money by always being on the lookout for ways of reducing your spending without sacrificing the most important things in your life.

Consider the frequency in which your family eats out, examine your commute for more efficient driving, pay larger bills in portions throughout the month, rather than all at once, and shop based on weekly specials.

Once you get into the habit of making more conscious decisions about your spending, you'll find it easier to save more money than ever before.

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