



## Finance's Forbidden Word

The Motley Fool

By Dayana Yochim

Thank you for reading. I hope you'll stick around until paragraph four, or even five, but if you don't I'll understand.

You see, I'm writing about a personal finance topic that is best not mentioned in polite company. This single word — a six-letter concept, really — is considered a money expletive. It is so repellant Tom Gardner warned me not to use it in my headline if I wanted to attract any readers besides my mother. And even then, hers would be just a mercy click.

Unfortunately I can't go much longer without mentioning the unmentionable by its proper name. My trusty *Synonym Finder* proffers just four alternatives: "plan," "blueprint," "schedule," "program." But each requires a host of modifiers to get the point across. Thesaurus.com isn't much more helpful ("Estimate?" "Disbursement?" "Aggregate?"). So let's just rip the Band-Aid off and get it over with.

### Budget

Wait! Come back! You may think that you're beyond this topic — too financially sophisticated to bother with a budget. What do you care if you blow .07% of your income on refrigerator magnets? Sure, there may be cheaper insurance policies and gym memberships out there, but why hassle with switching — your current premiums and dues are no problem.

If the only thing you get out of paying closer attention to your cash flow is a headache, then I don't blame you for bad-mouthing budgeting. Your budget is doomed from the start.

The point of budgeting is that you need a point to budget, meaning that if there's nothing bigger, better, more meaningful that you need, you might as well just stick with what you've got and click away.

But before you go, stop and ask yourself this: After your basic necessities are covered — food, shelter, cute shoes, companionship — what could bring greater joy to your life? A weekly massage for your chronically aching back? Art supplies, even if you have only an occasional chance to use them? A guilt-free weekend escape with your pals? A summer of sailing lessons for your entire family?

What if just a little more fiscal discipline could help you achieve one or all of these things? What if a "disbursement plan" could help you achieve one or all of these things sooner? Approaching your, um, "pre-spending plan" in pursuit of manageable and meaningful goals — not lavish dreams lacking heart — may just make "budget" a click-worthy headline word.



But let's not get ahead of ourselves. There are still plenty of reasons to mosey over the "b" word.

### **Mad money**

If your heart has ever raced at the sight of a Nordstrom's semi-annual red-tag, super-sweet shoe sale (guys, insert "plasma TV sale" for greater effect), join the club. According to a survey by the Family Financial Network (FamilyFN.com) 36% of households polled said that emotion played a role in their holiday shopping. So it should come as no surprise that 45% admitted to being very or somewhat worried about their finances in the new year.

Psychological spending is just one more reason why budgets fail. Too few people get a sustained sense of well-being by watching their money grow. However, shopping provides a short-term high. A raise makes us feel rich — for a moment, at least. Despite repeated studies and plenty of old saws that preach the contrary, money does not buy long-term happiness. But the emotions the green stuff dredges up do a great job of killing the budgeting mood

It doesn't help matters when denial enters the room. People lie about what they spend their money on — even to themselves. And if you think that this doesn't describe you, then tell me exactly how you spent the last \$100 you took out of the ATM.

In fact, go ahead and write down how you spend your next \$100. Use this specially designed "Spending Patch"(.pdf file) to help you do it.

Ta-daaa! You're budgeting. Your budget need not be complex, unless you like it that way. I once gave a co-worker grief for his nitpicky approach to savings, but it works for Roger. Simply tracking that hundred bucks is an eye-opener for most people.

Should you become curious about where your other C-notes are going and where their buddies disappeared to, take advantage of a generous offer from FamilyFN. The company is giving away its Quick & Easy Budget Kit for free (go to <http://www.freebudgetkit.com>; \$4.95 for shipping and handling applies) through April 1. The kit includes a CD and a workbook for those who blame their lack of budgeting resolve on their computer.

**Why bother?** The Budget Kit shows you how to budget — determine your inflows, determine your outflow, adjust, implement — but it's not the "how" that kills most plans. It's the "why." Why bother budgeting? Well, consider your alternatives — debt, denial, late fees, a poor retirement, a miffed spouse.

Fellow Fool Robert Brokamp presents an even more convincing case for figuring out exactly where all those paychecks, dividend checks, interest payments, bonuses, and Lotto winnings went. In a nutshell, he says that budgeting brings about awareness, control, security and goal attainment.



And none of those are forbidden financial words.

*Fool writer Dayana Yochim calls her budget "Bunny," because you can't get mad about a bunny for very long. She is the author of Couples & Cash: How to handle money with your honey. And the old saying is true: Couples that bunny together, stay together.*

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