

A Simple Approach to Budgeting Before & During Retirement



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Let's face it: creating a budget (and sticking to it) is a challenge. When planning for every dollar you have, it's almost impossible to keep a mental tally of where your money is going. With online shopping and quick grocery store visits, expenses can add up very quickly and unknowingly. However, it's important to understand that a budget can serve the purpose of making you aware of where your money is going, as well as making sure you're not overspending. Unfortunately, the connotation of a budget is that it's going to make you spend less on X, Y, and Z.

How to think about a budget.

In reality, a budget is much more than making you spend less. You may actually find that you can spend MORE...

A budget can help with planning for your future. It can help you draw lines between what you can do and cannot do. A budget provides you the freedom to do more of what you enjoy. Moreover, in retirement, a budget helps you consistently plan for achieving your goals.

The benefit of a budget is that you're bringing to light how your money is spent. If you can become aware of how your money is spent, you can begin to make positive adjustments to bring your spending more in line with what's most important to you.

How can you get started?

A budget doesn't have to be built out in a complex excel spreadsheet or an application on your smartphone. It can simply be started by looking at last month's transactions or hanging on to every receipt (including online order receipts) for the next 30 days. If you're looking at a previous month's statement, you can add all the expenses together and determine if your outflow (expenses) is exceeding your inflow (income). If you're tracking your expenses for the next 30 days, you can organize receipts as they accrue. When you categorize expenses, you bring more awareness to how every dollar is spent.

Becoming an Expert

If you're interested in taking your budgeting to an expert level, you can consider using an interactive spreadsheet or a budgeting application on your mobile device. There are many different templates and tools to assist with budgeting exercises. While it could come at a premium, some applications allow you to have transactions automatically imported into your budget.

Even with this helpful technology, the goal is to not give up on creating a budget. It will likely take 3 months to feel like you've gotten the hang of planning for your cash flows and creating a budget.

If you are interested in learning more about building a budget or some resources for becoming an expert "budgeter", the advisors at Portfolio Advisors Inc. would be happy to talk. You can conveniently [schedule an introduction meeting here](#).