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# Financial Freedom through Budgeting

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## Financial Freedom through Budgeting

On the surface, budgeting sounds easy. What are the sources of your income? Where is your money going? Is your income greater than your “out-go”? If so—HURRAH! If not, what adjustments can you make?

Easy? Perhaps, but unfortunately, like most plans in life, the words may be easy but the actions are difficult.

Let’s start at the beginning. Jane Bryant Quinn recommends avoiding the word “budget” with its depressing connotations, and instead use the term “spending plans” as a way to think positively about the process of managing one’s money.<sup>1</sup> So let’s think about spending plans instead of budgets and begin with spending, not income.

First step: Where does my money go? Write down all your expenditures for a month, even the little ones! Separate these expenditures into three categories.

1. Expenditures that stay the same from month to month and cannot easily be changed, such as rent or mortgage payments, taxes, car payments, tithe and offerings;
2. Expenditures that are necessary but may vary from month to month, such as food, utility usage (which may depend on the season), medical visits, gasoline;
3. Expenditures that are wants but not essential expenses, such as eating out, electronics gadgets, books (except for students), and recreational activities.

Now you have an idea of how you are presently spending your money.

Second step: What are my goals? Do you have debts you need to pay off? Do you want to save money for future expenses, such as a car, an education for your children, or your own retirement? Write down your goal as a monetary figure, such as: “Goal: Put \$100 in savings for retirement.” Include this amount in your spending plan.

Third step: Where does my income come from? The most common source of income for most people is the monthly paycheck. You may, however, have additional sources of income such as interest from savings, rents, money from odd jobs, or gifts. If your income comes at irregular intervals, budget on your total annual income, which may be more certain than the timing of your monthly income.

Fourth step: Compare income and expense. Do you have a monthly surplus? If so, count yourself among the fortunate! Do you have a deficit? Go back to the first step and consider what can be changed. Perhaps you are spending too much eating out? Consider taking a lunch to eat at work to cut that expenditure. Perhaps you may have to consider living in a place with lower rent or take the bus instead of the car when going to work.

At this point, you will:

- Know where your money is going.
- Have defined a goal that you wish to reach.
- Have a spending plan to gain control over your finances.

The next choices belong to you and you have the knowledge to make them wisely.



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*Prior to working at Andrews University, she taught at Walla Walla College (now University) and Atlantic Union College, and audited for the General Conference Auditing Service.*

*She has published in the Journal of Business Ethics, Issues in Accounting Education, Journal of Adventist Education, and the Journal of Applied Christian Leadership.*

*She frequently makes presentations in various venues at the request of the General Conference Treasury and the General Conference Auditing Service.*

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1. Quinn, Jane Bryant. (1997) “Making the Most of Your Money.” NY: Simon & Schuster.
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