



EVERGREEN[™]
WEALTH SOLUTIONS
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10 Reasons

**For Using Cash Analysis
in Your Budgeting**



Budgeting Helps You Control Your Spending

When you operate your finances without a budget, you don't really have anything holding you back from spending beyond your means. Sure, you might have a general idea about how much money you can spend each month, but without hard, accurate numbers, it's easy to lose control of your spending habits.

I would know. Before my wife and I started budgeting, we spent money like it wasn't a big issue. From going out to eat, to taking trips to the mountains, without a budget it was hard to correlate our daily spending to our less than optimal financial situation. I mean, sure, buying one lunch out to eat at a time doesn't feel like a big deal in the moment. However, when you sit down with a budget and add up the cost of 30 Chipotle burritos each month (yeah, I said 30), those seemingly insignificant lunch bills add up to way too much spending.

In other words, budgeting is important if you want to keep a close eye on your daily spending habits, understand the impact of seemingly small expenses, and take control of your spending.



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Budgeting Keeps You On Track For Your Financial Goals

Along the same lines of controlling your spending, budgeting is important because it keeps you on track when you are trying to achieve your financial goals.

Let's be honest, setting goals is pretty easy. Anybody can do it. You just think of something you want to achieve, and then set a defined timeline to achieve it. But here's the thing, setting goals and actually achieving your goals are two very different things.

In order to achieve a goal, you need to stick to a plan, and stay focused on a clearly defined process; and that's where having a budget is so important.

Through a budget you can reverse engineer your goals, and develop a clearly defined process to achieve them. In essence, when you create a budget, you are setting boundaries on your financial behavior so that you can stay on track and achieve every goal you set for your life.

Additionally, whenever you sit down to log your expenses into your budget, you are essentially re-committing to your goals. And I can tell you from personal experience that the more often you commune with your goals, and assess your progress, the more likely you are to achieve them.



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Budgeting Can Help Your Marriage

If you are married, your budget plays an extremely important role in keeping you and your spouse on the same page. It helps you plan your financial future together, hold each other accountable, and make sure you are fighting on the same team.

I think it's pretty common knowledge that money fights tend to be one of the biggest problems in marriage. So, if you want to end the financial fights between you and your spouse, and finally get on the same financial page, then budgeting is a critically important first step.



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Budgeting Helps You Find Financial Contentment

Financial contentment is one of the foundational elements of good financial behavior. It keeps you from spending money that you don't have, and helps you to enjoy your financial journey.

But here's the thing, if you spend all your time focusing on the finances of other people, you will never find contentment. You've probably heard this referred to as "keeping up with the Jones'", and it's a bad (and financially dangerous) way to live.

Instead, you need to focus on your own life, your own money, and your own decisions. And that's why a budget is so important.

Every time you sit down to create, assess, refine, or log expenses into your budget, you are making a conscious effort to focus on your own finances instead of others. After a while, you will lose complete focus on what other people do with their money. And, in that moment, you will experience what it is like to be financially content.



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Budgeting Keeps You From Feeling Financially Overwhelmed

If there is one thing in particular that doesn't mix well with overwhelm, it's personal finance.

In fact, I've never met anybody that enjoys feeling overwhelmed. So, I think it's fair to say that feeling overwhelmed just straight-up sucks.

The good news is that one of the best ways to combat financial overwhelm is to live your life on a budget. That way, you never spend beyond your means, you are always well-prepared for unexpected expenses, and fewer things have the ability to jump up and bite you.



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Budgeting Helps You Avoid Or Get Out Of Debt

We talk a lot about the negative effects of debt on this website, and I'm not going to stop now. It's really this simple: if you want to have money (i.e. build wealth), then you need to stop spending it on things you can't afford. In particular, you need to stop hindering your monthly income by using a large portion of it to pay somebody back (with or without interest) for things you couldn't afford in the past.

That's why budgeting is so important. It can help you get out of debt, or plan your finances so that you can save and pay cash for big purchases and avoid debt in the first place.



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Budgeting Keeps You Organized

Disorganization is another one of those words that doesn't mix well with personal finance. And the longer you live without a budget, the easier it becomes for your financial life to get messy. Between all your monthly bills, debt payments, and all your other expenses, things can just slip through the cracks.

Before you know it, you are struggling to get by, and stressed about how you are going to make things work.

To pass along a piece of advice my dad always gives me, "it's easier to keep clean than to make clean."

In other words, it's easier to live on a budget and keep your financial life organized, than it is to try to get your finances in order after you have allowed them to get disorganized.



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Budgeting Helps You Prepare For Emergencies

I have news for you, life is full of all sorts of emergency expenses. From hospital bills to unexpected home repairs, if you don't prepare your finances ahead of the game, you won't be ready when those expenses come your way. And that can get pretty painful.

On the other hand, if you make a point to save for emergency expenses in your monthly budget, then you can avoid all sorts of financial difficulty.

In general, we recommend you save at least 3 to 6 months worth of living expenses. But let's be honest, you aren't just going to stumble into that kind of cash. Rather, you need to be intentional with your money, and handle your finances on purpose. Hint, hint... live on a budget.



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Budgeting Helps You Save Money

In a roundabout way, I have already talked about this, but one of the more obvious benefits of budgeting is that it helps you save money. Now, I realize that, for many people out there, saving money isn't that difficult.

However, if you're anything like me, saving money isn't what you'd call a natural tendency.

Seriously, before I started budgeting, the only time I ever committed to saving money was when I was piling up cash for a big purchase. Whether it was a new tool for my wood shop, or a new set of golf clubs, I was great at saving as long as I knew it would end with me using the money to buy something cool. (That isn't really saving, is it? It's more like delayed spending.)

But, like I said, that all changed when I started budgeting.

You see, when I began living on a budget, I was able to eliminate waste, which increased the amount I was able to save. On top of that, my budget started holding me accountable for all the financial decisions I was making, which, in turn, kept me from spending it all in epic fashion.

In other words, instead of just saving by the seat of my pants, and then spending every dime of it, my budget increased my savings, and made me want to let it sit in my bank account.

Talk about a killer combination!



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Budgeting Helps You Get (And Stay) Ahead

Ok, after everything we've talked about, this might also seem a little obvious, but budgeting helps you get (and stay) ahead. Beyond that, living on a budget can help you finally build that financial life you always imagined.

Now, to be clear, I have experienced what it's like to live paycheck-to-paycheck, buried in debt, and barely making ends meet. And let me tell you, it was incredibly stressful.

On the other hand, I now know what it's like to escape the paycheck-to-paycheck lifestyle, live debt-free, and have plenty of financial cushion. And had it not been for budgeting, I'm not sure I would have ever experienced that.

To put it in the simplest of terms, if you want to finally get ahead in your financial life, start living on a budget.



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Final Thoughts

Budgeting is one of the most important financial habits you can adopt. Between helping you achieve your financial goals, keeping you from getting financially overwhelmed, and even helping you avoid or get out of debt, there are so many reasons to live on a budget. The real question is, why wouldn't you?



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