









# Budget Busters: Avoid the Hidden Costs

Life is full of expenses - some more necessary than others. Reducing your everyday expenses is a good place to start when trying to live within your means, but you can also find ways to save by maintaining a sound financial mindset.

Below are common examples of events or purchases that could break the bank if you don't keep your budget and wallet in mind.

Problem	Example	Solution
 Emergencies	Sickness and injury are usually unexpected - and require time off work or school. With that, the copay and other added medical costs can add up quickly.	Maintain a savings
 Car costs	Cars require constant maintenance that can add up quickly, from weekly fill-ups, to periodic oil changes, to unexpected break-downs. Think about this when you look at a car's price.	Make educated purchases
 Impulse purchases	If you don't have a game plan when you shop, it's easy to walk out with more in hand and less in your wallet - and a healthy dose of buyer's remorse.	Make a list and stick to it
 Late payments	There are always bills to pay, and sometimes when life gets busy you can forget to pay one of them. This can affect your credit score and even your interest rate.	Use electronic resources
 Carrying a credit card balance	Only paying the minimum balance on your credit card can appear to be a good deal, but with the unfavorable terms most credit cards have, everything you buy quietly becomes a lot more expensive.	Limit your credit card spending
 Interest rate increase	The interest rates on credit cards and many loans change over time and for a number of reasons. If the interest rate goes up, so will your monthly payment and the overall loan cost.	Know what drives your interest rates
 ATM usage	ATMs give you cash in hand that is hard to account for, often leading to unnecessary purchases. Plus, if you are not using your bank's ATM, you can get hit with fees that can add up quickly.	Use ATMs wisely
 Household expenses	Keeping the shelves stocked with necessities like window cleaner and garbage bags - or even shampoo and deodorant - can nickel and dime your income away.	Buy in bulk

In order to avoid busting your budget, you need to be proactive. See the suggestions below for ideas.

## Maintain a savings

- Open a savings account with a high interest rate
- Set aside 10% or more of each paycheck for savings and emergencies
- Make sure you have 3-6 months of income saved

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## Make educated purchases

- Factor a car's insurance premium, gas mileage and reliability record into the purchase price
- Factor in long-term maintenance costs when you consider a new versus a used car
- See "maintain savings" suggestions on how to prepare for unexpected expenses

## Create shopping guidelines

- Evaluate which purchases are necessities and which are not
- Pay only with cash for non-necessities
- Give yourself a "cool off" period before major purchases

## Use electronic resources

- Set up automatic withdrawal from your checking account for as many accounts as possible
- Create alerts on your calendar to remind you when bills are due
- Make online payments for bills that can't be automatically withdrawn or if you need to make a payment on short notice

## Limit your credit card spending

- Only use your credit card for emergencies - especially while in school - and rely on cash for everything else
- Avoid buying sales items with a credit card if you cannot afford to pay it off at the end of the month
- Monitor your credit card balance over each month

## Know what drives your interest rates

- Learn how your interest rates are determined
- Find out what causes each of your interest rates to change (such as late payments or economic factors)
- Pay back variable interest rate loans, like private loans, as fast as possible

## Use ATMs wisely

- Know the locations of your bank's ATMs and commit to using them exclusively
- Set weekly or monthly limits on how often you can get cash from an ATM
- Use your debit card to avoid wasting ATM cash

## Buy in bulk

- Budget for periodic expenses
- Be on alert for sales on necessary items you will eventually need
- Shop at wholesale stores to stock up on household items