

How many times have you said to yourself, "Once and for all I've got to get my finances in order!"?

There is no better time than right now!

So why not put a budget into effect that will give you a sound financial footing and lay the foundation for the future?

Money—It's Part of Life

Like it or not, money is an important part of our lives. You've heard the cliché, "Money can't buy happiness." That may be true. But a lack of money can certainly contribute to a lot of unhappiness.

Properly managed, money can enhance family relationships. Money can be a springboard for family discussions that will help the entire family pull together for common goals.

Not properly managed, money becomes a great curse.

A family staggering under the oppressive weight of debt is obviously under more strain than the debt-free family.

Yet modern society has encouraged debt. It is considered "normal" to have a home mortgage, an automobile loan of several thousand dollars and personal credit debts amounting to nearly 20 percent of the family income.

But just because that is "normal" or "typical" doesn't make it the best form of money management.

Rather than go into debt, the average person should set about to get out of debt—and stay out of debt.

But where should you start?

See the Need

Time was when a family needed a major item, they began to save for it. It might have taken a few years. But when they bought it, it was paid for.

Then times changed.

Through the world of credit fi-

nancing, many families have accepted an automobile payment as a permanent part of their family budget.

If you ever hope to get out of debt, your very first step is to bring a quick halt to credit buying. Especially on the common items of life such as clothing, appliances, furniture, food, meals out and recreation.

Many families will carry a long-

A Budget That Works

term home mortgage. And many families will be forced to finance an automobile for three or four years.

Your goal will be to cut credit buying to a minimum of these two items.

Then—a Long-Range Plan

Most of us have taken many years to establish our spending habits, accumulate our debts and dig ourselves into financial holes. It is not easy or logical that we should be able to snap our fingers and get out of debt and on a sound financial footing by next week. Not even next month. Not even next year.

But a sound plan, carefully thought out, can bring financial

success in the future.

We live in a "now" oriented society. We want everything done yesterday, or by tonight at the latest.

Such a hectic pace of living is not realistic.

You need to sit down as a family and lay out a practical long-range plan.

Find out exactly where you are right now. Get all your financial bills and statements in order. It may not be pleasant to find out how deep you are in debt, but you might as well face it. Otherwise, you'll continue in the same old rut—digging ever deeper.

Once you have noted all your debts, put down what you realistically can expect in the way of income.

If you are typical, you'll find your debts cannot be paid off right away. That's where budgeting comes in.

Going on a budget to many people is distasteful. It's like going on a diet. Or like being told when you were a child to go to your room. It seems like punishment for alleged wrongdoing.

But going on a budget is what you should have been doing all along. So don't look at it as unpleasant. Setting up a budget is like getting a new lease on life. It's a way to start over. A way to make a success out of your finances.

Remember, your plan should be long range.

The chances are your home mortgage will be the greatest debt you have to pay. That is generally a fixed sum of money. So if you have 10 years, or 20 or even 30 years yet to pay, your long-range budget should be set up as long as you have that one outstanding debt.

Then take your debts one by one and lay out a realistic payment plan. Your automobile may take another three years. Your personal credit debts for furniture, clothing and other items have to

be paid for every month—you may have charged enough that your long-range plan will take four, five, even seven years. But set up a plan. That's important.

Make up your mind not to create any major new debts while paying off the old ones. That is not going to be easy, but those debts will all have to be paid. And there is no use putting it off any longer.

A Matter of Character

Many people hope for a sort of "magic" budget. One that will pay our debts faster than our projections. But such a magic budget doesn't exist.

You have to set up a budget and stick to it. And that may not always be easy. In fact, it seldom is.

Each person or family has different needs. There is no one budget suitable for everyone. The 35-year-old bachelor will have quite a different expense pattern than the 38-year-old couple with three children.

Money management for a 58-year-old couple planning for retirement will be very different from the 23-year-old newlyweds. And the couple with children have different expenses than the couple with no children.

So each of us has different goals. And therefore a different plan. Therefore a different budget. Each such budget is neither right nor wrong—just different.

The purpose for your budget is to make your money do what you want it to. Too many people have given in to their desires and extended themselves beyond safety in money management. You simply can't budget and spend more than you have coming in.

Typical long-range goals are savings for college education for the children, paying for appropriate life insurance, a paid-off mortgage and sufficient funds for retirement.

Mid-range goals include furnishing the home, purchasing and

maintaining an automobile and perhaps a special vacation.

Shorter-range expenses are clothing, food, utilities and recreation.

You should make out your own list of goals—long range, medium and short range.

But as you set down your goals and develop your budget, keep these six points in mind:

(1) All goals must be based realistically on your projected income.

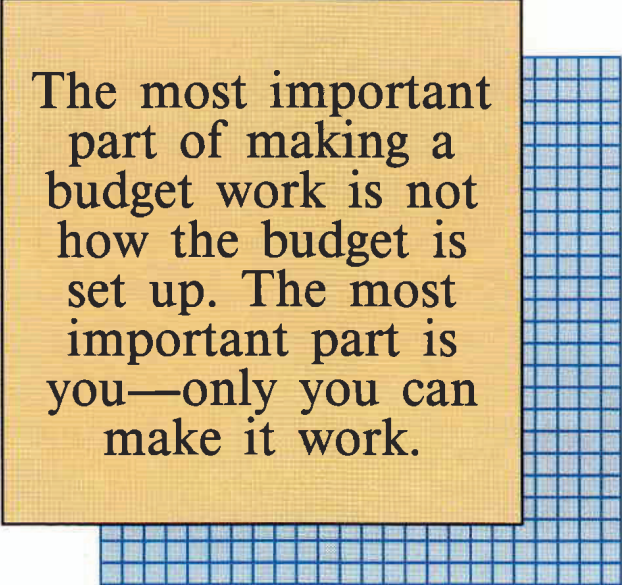
(2) Provide for the basics first—then the comforts and finally the luxuries.

(3) Set up a plan for paying off debts already accumulated.

(4) Plan a savings scheme—no matter how small. Add to your savings as your old debts are reduced.

(5) Spend only based on your budget.

(6) Never give in to temptations to depart from the budget.



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Get to Work on It

The most important part of making a budget work is not how the budget is set up.

The most important part of the budget process is you! You are the only one who can make it work.

Many of you have said regarding your money, "I just don't know where it all goes." Or, "How come my outgo always exceeds my income?" Or, "I just can't seem to make ends meet."

Form a habit of writing down your expenses. Keep track of your outgo. It's surprising what you find when you get it all down on paper.

Set up your own simple accounting system. Make columns for housing and utilities, groceries and meals out, transportation, medical and dental, clothing, insurance, credit debts, the family vacation, recreation and other ways you find that you spend your money.

Then when you see how you have been spending your money, set up a plan of how you can best change your spending patterns and habits, if necessary, to accomplish your new long-range, mid-range and short-range goals.

Take control of your income and outgo. Become your own "secretary of the treasury." It can be fun. It will certainly be a challenge.

Set up a workable budget that every member of the family understands and supports. Your family can become a team pulling together for a common goal. That goal may mean sacrificing now for a college education for the children later. But it will be well worth it when you achieve that goal.

And if you have been in debt more years than you care to remember, it's amazing the wonderful feeling you'll have when you make the last payment on those debts.

The key to a budget that works is not a newfangled miracle budget. Only old-fashioned hard work. You are the single most important key to that budget.

So take the opportunity to be in control of your money—rather than the other way around.

Altering a life-style isn't easy. But that's what making a budget work usually means—if you want to get out of the rut.

So, if you want to stop always feeling "broke," if you are tired of being dissatisfied with your finances, then set up that budget and make it work!

Solving Your Credit Problems

If you are a consumer in one of the world's more affluent nations, there's a good chance that you have accumulated a sizeable credit debt!

Buying on credit can be a convenience if handled wisely. But it can also be a financial headache, particularly if you get behind on your payments.

Take a few minutes to examine the box below. If you find that you are headed for financial trouble, don't panic. There are steps you can take to ease your financial burden.

Can You Do It Yourself?

You may be able to solve your debt problem by managing your finances more carefully.

If you are heavily in debt and are still not able to make the monthly payments on all your obligations, then you should seek additional help.

Talk to Your Creditors

Most creditors will be more than willing to help you rearrange your debt payments, because it is

in their best interest for you to get back on your feet financially.

Be sure to talk with your local banker. Bankers realize that even people with good credit histories can sometimes run into credit problems. Your banker may be able to offer you a number of alternatives to help you over a difficult period.

Seek Professional Counseling

You may also want to contact a financial counseling service for assistance. Some universities, local county extension agents, military bases, credit unions and housing authorities have such programs and charge little, if anything, for their help.

If you live in the United States, a visit with a counselor at the non-profit Consumer Credit Counseling Service can be beneficial. Trained counselors will try to arrange a repayment plan that is acceptable to you and your creditors, and will help you to formulate a realistic budget.

For information on how to contact an office nearest you, see the inside back cover of this brochure. Counseling services in several other countries are listed there as well.

What About Bankruptcy?

If you are deeply in debt, you may think that declaring bankruptcy is an easy way out. But it really is not.

According to the American Bankers Association (ABA), bankruptcy can stay on your credit record for up to 10 years. If you declare bankruptcy, you'll find it difficult afterward to get any type of credit or loan—whether for a house, car or any other purchase.

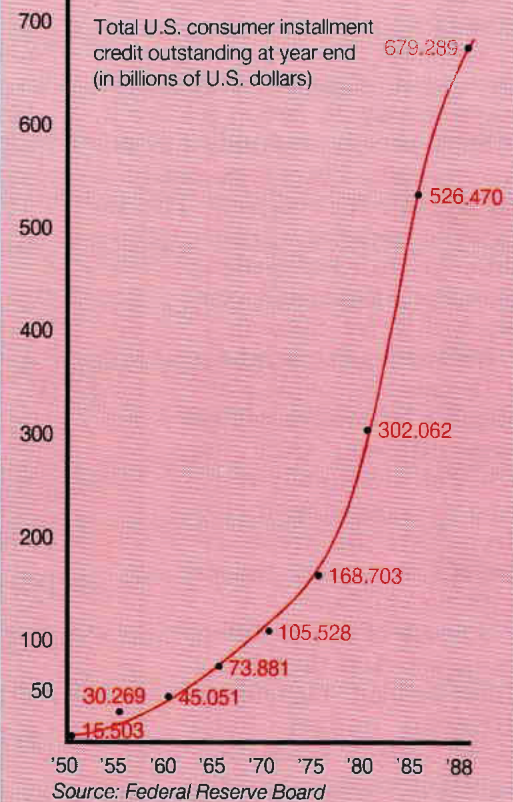
Also, bankruptcy does not automatically

erase all debt. There are some obligations you may still be responsible for paying.

So, according to the ABA, it's in your best interest to solve your debt problems in ways other than declaring bankruptcy.

RISING CREDIT BURDEN

Total U.S. consumer installment credit outstanding at year end (in billions of U.S. dollars)



10 Warning Signals

Based on information from the American Bankers Association, we have listed 10 warning signals that can help you determine if you are headed for financial trouble.

If two of them apply to you, it's time to take a close look at your budget. If three or four apply, you may be headed for difficulty. And if five or more apply, you're already in trouble and need to take

corrective action immediately.

1. Using credit to buy many of the things you used to buy with cash.
2. Taking out loans to consolidate your debts, or asking for extensions on existing loans.
3. Declining monthly checkbook balance, even though your standard of living is staying about the same.
4. Paying only the minimum amount due on charge accounts.

5. Receiving repeated notices from your creditors.

6. Using savings to pay bills you used to pay out of your paycheck.

7. Borrowing on your life insurance with little chance of repayment.

8. Depending on extra income, such as overtime and dividends, to get you through the month.

9. Using your checking account "overdraft" to pay regular monthly bills.

10. Juggling rent or mortgage money to pay other creditors.