

Free essay on budgeting the household income

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Budgeting the Household Income

I have not given any thought to creating a budget before, although my husband keeps a budget for the house. In the past, I have seen budgets as a grey area, something that needs a lot of expertise and knowledge about finance and economics to run. Budgeting seemed to me as something that needs the expertise of economics and finance professionals to achieve.

Having a household budget has many advantages. It puts one in financial control so that spending on frivolities is minimized. The individual who keeps a household budget is able to control his/her finances so that frivolous spending is eliminated. In addition, by having a budget, an individual would be able to determine if their spending exceeds their income. By keeping a budget, an individual is able to save a lot excesses on money spent on luxury good especially if the individual is unable to afford the materials.

Moreover, budgeting helps the individual keep track of their financial commitments. By keeping a budget, an individual can easily plan on how to pay back mortgages or even credit card debts. It helps to keep one's credit rating in check. Furthermore, for individuals that want to cut back on expenses, the only way this can be achieved is to keep track of these expenses with a view to cutting down on the unnecessary expenses.

In order to save money on household expenses, one can do one of various things. Including eliminating all wastages on utilities like water and electricity. This would bring down the bill on these utilities and so result in some savings at the end of the month. In addition, by paying bills on time, one would avoid having to pay lateness fees and avoiding fee hikes. One could even get a privilege for paying on time, leading to savings at the end

of the month. One could also examine one's entertainment spending and choose cheap options while avoiding unnecessarily expensive ones.

The final project is about budgeting the household income. I now know that budgeting should be an integral aspect of home management, especially for the family that earns limited income. It allows one to keep track of all expenses and compare this with one's income so that one can easily make adjustments if there is a discrepancy. Budgeting allows one to live within their means. An individual living above his/her means would definitely run into a lot of debt, which could be difficult to pay back later. Budgeting also increases one's creativity as one might be forced to improvise on some things and think of better options in order to save money.

This project has enabled me to see reasons why I should keep a household budget. I have already seen areas in which I can save some money on the household expenses. I would now have more confidence when spending money because I know that I am not wasting it on frivolities, rather, I know that I am getting the best deal I can have. My finances would definitely improve in the coming months, as I would be able to eliminate wastage. It would also be easier to keep track of my credit card expenses so that I do not fall into a huge debt while trying to live a life I cannot afford.