

# DAIGLE LAW OFFICE - *after hours*

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## Budgeting Your Way to Financial Security and Success

### WHY BUDGET?

You may have yawned (or cringed) when you read the title of this article, but please keep reading. This information is important for anyone who has ever worried about money or been in financial distress, which is almost everyone.

We've all been told over and over again to budget. But few people actually do. According to a recent study by U.S. Bank, about 60% of Americans don't budget. This is one time you don't want to be in the majority.

Financial success after bankruptcy is closely linked to creating and following a budget. Budgeting is an essential step to achieving your financial dreams, regardless of your income level and regardless of whether or how long ago you went through bankruptcy.



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Here are 6 reasons why you need a budget:

1. It will keep you out of debt. You won't spend money you don't have so you won't slide into a black hole of credit card debt.
2. It will reveal bad spending habits and give you a chance to correct them. You may find you are wasting money on things that matter little to you while never putting aside enough to devote to things that do.
3. It will allow you to have an emergency fund so that a major repair or temporary job loss doesn't become a crisis.
4. It will help you work towards your long terms goals, whether they are home ownership, school tuition, foreign travel, or a comfortable retirement.
5. It will promote family harmony by eliminating (or at least reducing) money arguments with your spouse and children.
6. It will free you from constant worry about money so you can get a good night's sleep.

Getting your finances in shape permanently is a lot like losing weight and keeping it off – planning and self-discipline over the long term are required.

Managing your finances is a three-part process: (1) tally your current spending, (2) make a budget, and (3) stick to your budget. Your goal is to keep your spending far enough below your income so that you have available a material sum each month to apply any remaining debt that was not discharged in your bankruptcy. Once your debt is clear, devote this monthly surplus to building up your savings. It is only by saving money every month that you will obtain financial stability and security.



## USE AN APP OR DO IT YOURSELF?

There are dozens and dozens of online budgeting apps that can help you create a budget, such as YouNeedaBudget, Mint, PocketGuard, Wally, Good Budget, BudgetPulse, MoneyTrackin, and BudgetSimple to name a few. Some are free, while others charge a fee. They offer a variety of features depending on the app. Most can sync with your bank and credit card accounts, post your income and expenses onto a spreadsheet, and do calculations to show averages and trends with your spending. In essence, the app creates a budget for you. They also may provide budgeting advice and email feedback about your spending habits. Some will even help you find a better deal on some of your regular purchases.

Should you use one? The best budgeting method is the one you are most likely to stick with. So, by all means, investigate the apps if you are intrigued and think they may work for you. However, if you are new to budgeting or don't have much patience with tech, you may find these apps to be daunting. Some have a significant learning curve. A low tech paper and pencil, or simple spreadsheet may be the best approach for you.

Many personal finance gurus maintain that a do-it-yourself budget is best. They believe you will have a better idea of where every dollar is going if you write down your income and expenses yourself. You can always start with this simple approach and try an app once

you've got the basics down and have formed a budgeting habit. Or you can stick with the DIY approach permanently if works for you.

Whether you choose high or low-tech, you need to create a budget document (actually a series of documents—one for each month) that records your income and expenses. A written document that you can study and review is a must. Trying to keep a budget in your head simply will not work. There's just too much to remember and you are too likely to fool yourself into thinking you are spending less than you actually are.

## CREATING A SIMPLE DIY BUDGET

Here's a three step process to get you started with your budget.

### **Step 1 Determine Your Monthly Disposable Income**

Begin by determining your monthly disposable income after taxes and other deductions. For most people, that means checking your pay stub. You may also have other sources of income such as alimony, child support, social security, or pension benefits, for example.

### **Step 2 Tally Your Monthly Spending**

One way to accomplish this is to keep a daily record of your expenditures for a month or two. Record everything you buy, no matter how small. Keeping a daily record has the added benefit of discouraging frivolous and unnecessary expenses. If you have to write it down, you will think about it more before incurring the expense. You can review your record on a weekly basis, take note of unnecessary expenses, and resolve to reduce them going forward. Many budgeting experts recommend that you continue to keep an expense journal even after you have completed your budget so that you are always aware of where your money is going.

If writing down each expense is too tedious for you and you don't want to take a month or two to get started, you can get a good idea of your spending by reviewing your bank and credit card statements for the past several months. This method won't track you cash expenditures. If you make a lot of cash purchases, you'll have to get them from receipts or estimate them from memory.

Add in expenses that you pay less often than monthly, such as insurance premiums or utilities that you pay annually, semi-annually, or quarterly. Convert these amounts to a monthly expense (e.g. \$1200 a year for car insurance means you need to budget \$100 a month). Assign each expenditure to a category. Some typical categories that apply to most people include:

- Housing: rent or mortgage, property taxes, insurance, utilities (electric, gas, cable, phone, trash etc.), regular repairs, HOA dues.
- Transportation: gas, car payment, registration, insurance, repairs, commuting expenses (train, bus).
- Medical: health and dental insurance, deductibles and co-pays, glasses, prescriptions.
- Personal/miscellaneous: groceries, clothing and personal items, life insurance, student and other loans and debts, child care, child support, tuition and school expenses, gifts, entertainment.
- Taxes (if not taken out of payroll): FICA, Medicare, income taxes.

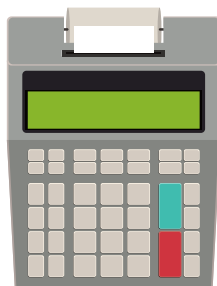
Once you know where your money is going, you will be able to determine the minimum you need each month, and then make decisions how, where, and when to allocate your money.

Your spouse/partner will need to do the same.

### Step 3 Make Your Budget

Make a new budget at the start of every month—e.g., a January budget, a February budget. Apply your monthly income to your expenses. Your goal is to make a budget that allows you to set aside 10 to 15 or even 20 percent of your income first for repayment of any outstanding debts that survived your bankruptcy and then for saving. The older you are, the higher this percentage should be.

The easiest way to make sure you set aside your target saving percentage is to have it deducted from your paycheck and deposited in a savings or retirement account. Money is harder to spend if it bypasses your checking account and your wallet. Start with a small percentage ... one you can stick with ... and then periodically increase it.



As debts are paid off, you will retain more and more of these deducted funds. Eventually you will be able to keep the entire payroll deduction, and that is when you will start getting ahead. If your bankruptcy eliminated all your debts, you can begin saving immediately!

Budgeting experts recommend that, once you begin to save, you have a goal for those dollars. Your initial goal may be to establish an emergency fund of a few thousand dollars, then to save for retirement and your children's education. Other goals may be a home remodel or dream vacation, for example. Once you decide, you can add categories for your savings on your budget worksheet. Then every dollar that comes in can be assigned to an expense or savings category and your total income minus your expenses and savings will equal zero. This is known as zero-based budgeting. Allocating every saved dollar to a specific purpose minimizes the possibility that it will be spent frivolously.

## IF YOU ARE OVER BUDGET

If you are currently spending too much to reach your savings or debt reduction goal, you have two options: 1) increase your income; and/or (2) cut your expenses.

### Increasing Your Income

Increasing your income may or may not be a practical solution given the nature of your job and the employment opportunities in your area. The ways to do it are obvious. You could seek a raise or better paying job; work extra hours (if they are available and you are paid by the hour); or try to get a second job. A stay-at-home spouse/partner could return to work. These choices may be undesirable as they can have a negative impact on your health and family life.

Here's one idea that doesn't involve a change in your employment and could give you more money in your paycheck. If you are getting a substantial tax refund each year, you could consider having less deducted from your paycheck. You won't get the big tax refund, but spreading the income out over the year may be more beneficial to your budget. You may be more likely to save the extra money that comes every payday, than a big sum that comes once a year.

## Cutting Your Expenses

These are the essential expenses your budget should provide for in order of importance:

- Housing and food.
- Utilities.
- A vehicle where public transportation is not available.
- Insurance (auto, medical, life if you have dependants, homeowners).
- Child support, alimony.
- Taxes.
- Student loans and tuition.
- Savings.
- Entertainment.

Consider trimming the following expenses to get to your goal. Some you may decide to eliminate entirely; others you may simply decide to cut back on.

- Donations.
- Gifts.
- Eating out.
- Take-out food, coffee, tea, and specialty drinks.
- Premium cable channels.
- Travel and vacations.
- Club memberships.
- Gym memberships.
- Buying books, magazines, and newspapers.
- Manicures/pedicures/hair appointments.
- Spa treatments.
- Housekeeping and gardening services.
- Movies at the theater.
- Alcohol and cigarette purchases.

## TIPS FOR STAYING OUT OF FINANCIAL TROUBLE

To stay out of financial trouble in the future you need to understand your financial weaknesses, and work to stay clear of them.

### Reduce Reliance on Credit Cards

If overuse of credit cards got you into trouble, try living without them for awhile. Use a debit card instead, but

use it as a credit card, not with your pin number.

Removing cash from your wallet at purchase time makes it clear how much you are spending, unlike swiping a credit card. Once you believe you can avoid using credit cards for items you would not spend cash on, try using a card for the basics – gas, groceries, and staples. Pay off the balance every month. To rebuild your credit after bankruptcy, be sure to make all payments on time and keep your charges at or below 30 percent of your limit.

### Stick to Safe Investments

If high-risk investments have cost you money, then stick to safe ones like money-market accounts, bank CDs, and short-term bonds.

### Avoid Luxury Purchases

If luxury purchases are what break your budget, get some new low-cost hobbies. Stay out of the malls, off the online store sites, and out of expensive restaurants.

### Use Saving Techniques

You can find hundreds of money saving techniques in books and on the Internet. Do a little research and pick a few to try that you think you can stick with. Keep adding to them. Here are just a few money-saving techniques you can try:

- Bring your lunch to work one day a week, then two, then three.
- Instead of buying books, use the library. The library may also offer free video rentals.
- Perform some small household repairs yourself. Then tackle something larger.
- Establish one no-shopping weekend a month, then two.
- If the money is not in your budget, don't buy it.
- Declare a moratorium (3 months, 6 months, 1 year) on purchases of items you do not need, for example clothes, shoes, jewelry, collectibles, the latest electronics.
- Spend more time with your thrifter friends.
- Focus on living rather than acquiring.
- Postpone large purchases.
- Buy used.





# Helpful Tips to Tackle Spring Cleaning

The most dreaded time of the year is upon us again... Spring Cleaning. These words alone can elicit nightmarish images of sudden dust bunny attacks, infestations, and the headache of organizing your life into some semblance of order. So, how do you avoid getting sucked into a disorganized, messy vortex akin to the one your vacuum may soon be experiencing?

First off, we make no guarantees since we don't know how messy your home actually is (if you've at any point been featured on the show "Hoarders," then these may not be the tips for you...) Now, let's take a look at these helpful tips on how to declutter your home and your life:

**Be prepared.** Ensure you have all of the right ingredients for your spring cleaning extravaganza--your vacuum will do wonders, but do you have the correct cleaning solutions needed for your windows and shower? What about an array of different sponges, scrub brushes, and rags, all of which can serve different purposes? Having all the tools you need before you get started will save you an impromptu trip to the store when you're already elbow-deep in those random crumbs behind the fridge.

**Take it step by step to avoid getting overwhelmed.** Start by focusing on a single room and carefully working your way through that room, ensuring that every nook and cranny is cleaned and organized. Make sure you are completely satisfied with that particular room before moving on to the next room.

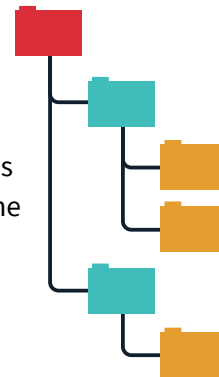
**Take breaks.** Cleaning your home from top to bottom is a vast undertaking, and like with any other job, you should take a breather every once in a while to regain your footing and evaluate where you are in the process.



**Check it off!** Love itemized lists and feel lost without one? There are scores of different spring cleaning checklists that you can download through a cursory Google search. Simply pick the one that best fits your needs and you'll be checking off item after item in no time!

**Throw away or donate unwanted items.** That shirt you haven't worn in eight years? We're sorry to say, but it's time to let go. We know you had some good times together, but the time has come to bid it a fond farewell. That goes for other goods as well-- anything that hasn't been used in years should be packed away and donated to your local charity.

**Declutter your inbox.** Spring cleaning isn't just about the cleanliness of your home. Those 97 unanswered emails? It's time to start answering them, or at the very least, creating folders to organize your messages into their respective categories. Baby steps!



**Declutter your mind.** Holding onto any past resentments or failures? It's time to take a deep breath and start anew. Take 30 minutes to meditate both before and after your cleaning excursion (and possibly every day thereafter, if you're feeling like making some bigger life changes), and maybe even fall asleep listening to some ambient sleep music to clear your head for an easy slumber.

As the last vestiges of winter fade away and flowers begin to bloom, we find that spring is a time for renewal, both for nature and for ourselves. And while there's always an opportunity for a new beginning, isn't it nice that Mother Nature gives us this one every year? Happy Cleaning!

# A BEGINNER'S GUIDE TO RUNNING



It's no secret that jogging and running are good for your health. Routine exercise of all types has been linked to everything from a decreased risk of heart disease and cancer to increased levels of happiness and mental acuity.

What you may not know is that running is one of the most popular activities in the United States. In 2016, an estimated 64 million individuals laced up their running shoes, good for nearly 1 in every 5 Americans. An additional 110 million walked outside or on treadmills to stay in shape. That's a lot of people on the move!

If you're interested in making the leap from walking to running—or are simply curious about whether running might be a good fit for you—this quick guide will help you get started on the right foot (pun intended).

## SET YOUR GOALS

A person might want to start running for any number of reasons: achieving better physical fitness, managing stress levels, competing for a charitable cause, simply enjoying the outdoors...the list goes on. For those looking for an escape, running can be an intensely solitary experience. Anyone looking for camaraderie, on the other hand, can share this hobby with hundreds (or thousands) of like-minded individuals on race days.



Before heading out to buy your first pair of running shoes, think about what you want to achieve. Are you looking to beat a certain time for a mile or 5K? Perhaps you're more interested in reaching a specific distance without regard for time. Even a more generic goal like getting outside to run a little bit each week without timing or distance metrics is a great start.

If you can't decide, the 5K (3.1 miles) is the most popular race type in the U.S. and could be a good initial goal. With an estimated 17,000 5K events taking place in 2016, this distance is excellent for both beginners and seasoned pros alike.

## GET YOUR EQUIPMENT

Once you have your goals in mind, it's time to acquire some running gear. Despite the seemingly simple nature of the sport, however, a trip to the local sports store or a quick browse on Amazon inevitably leads to a dizzying array of choices for clothing, footwear, watches, and more.

- **Clothes:** aim to protect yourself from both the elements and the dangers you may encounter near roads. Lightweight “wicking” materials, which don't absorb much water, are best to keep you cool and mobile. You may even be able to find items that have some measure of UV light protection. If you plan to



run when it's dark out, don't skimp on acquiring brightly colored shirts, shorts, or pants with reflective patches so motorists can see you. Hats and sunglasses are a must for warm weather, and beanies and long sleeves will help with the cold.

- **Shoes:** the amount of running footwear on the market is staggering, but the cardinal rule is to get a pair of shoes that is comfortable. Everyone runs a little differently, so trust your instincts and test some pairs out in the store to see if they feel natural. It's critical that your feet feel good regardless of the foam density, weight, brand name, or myriad other factors the salesperson may talk about. Take your time; good shoes will both protect you from injury and help you achieve your goals.
- **Trackers:** running watches and fitness trackers can cost upwards of several hundred dollars, but there are also plenty of starter models that won't break the bank. For watches, look into brands like Timex, Fitbit, and Mio for models that offer several useful features without going overboard. For an even more cost-effective solution, consider using a smartphone app like Human, Couch to 5K, or Pacer. These are ideal for beginners and will help you measure and map your runs.



## START SLOW

As you get started on your running journey, remember to take things slow. Pushing too hard at the beginning will increase the likelihood of injury, so proceed at a

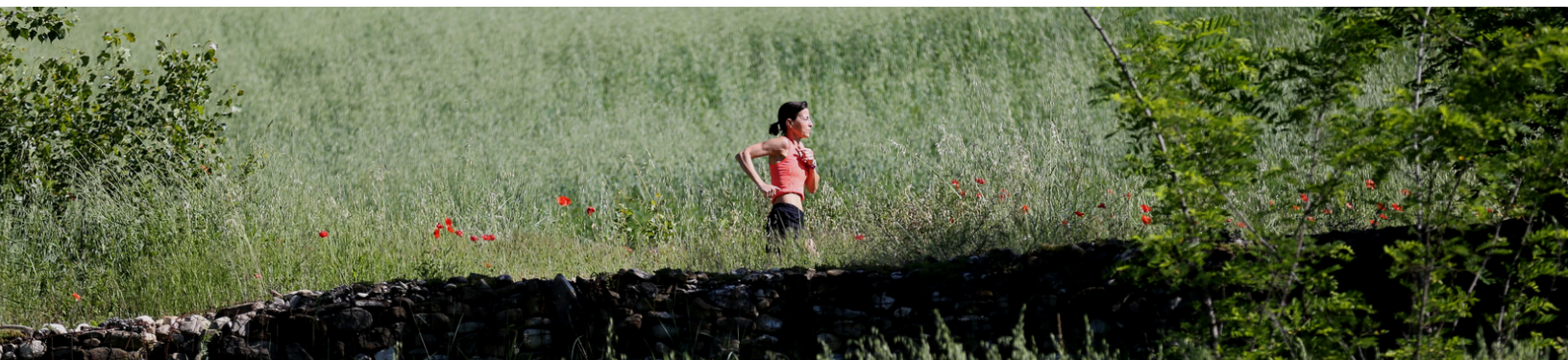
pace that you find tolerable. For example, if you can run an 11-minute mile, see if you can keep that pace up for a mile and a half. If so, aim for a 10:45 mile pace next time. Small, incremental improvements are best.

Once you hit your target distance (if you have one), focus on gradually increasing your pace. If you have a tracker that alerts you at regular intervals, try to shave a second or two off those intervals from run to run. That may not seem like much, but after a few months, those seconds will add up.

In terms of running surfaces, trails will offer some relief for your ankles and knees. Short grass also provides some cushion and won't impede your momentum too much. The hardest surfaces (and hardest on your joints) are of course paved areas, but if you've ever wondered why runners seem to avoid sidewalks, it's because street asphalt is actually slightly softer than sidewalk concrete. Just be sure to pay attention to vehicular traffic at all times if you decide to run on the side of the road.

## HAVE FUN!

While "running" and "fun" may seem like polar opposites, that doesn't have to be the case. If your regular runs are too boring, look into the wide variety of themed runs available: color runs, mud runs, music runs, nighttime neon runs, holiday runs, and many more. Running events are as diverse as runners themselves, and you may find extra motivation in the cheers of the crowd and support of your fellow athletes.



# SEARED AHI NICOISE SALAD

## with roasted vegetables

Prep 30 Mins | Cook 20 Mins | Yield 6 Servings



A twist on traditional French Nicoise Salad, this dish uses lightly seared ahi instead of canned tuna and oven-roasted vegetables instead of boiled potatoes and steamed beans. The result is a salad for dinner that is suitable for either a weeknight meal or casual entertaining.

### INGREDIENTS

#### For the vegetables:

12 ounces peewee or miniature yellow potatoes (or other waxy potatoes)  
1/2 pound green beans, ends trimmed  
2 T olive oil  
Fresh ground pepper and kosher salt to taste

#### For the dressing:

2 T minced shallots  
2 t whole grain mustard  
2 T red wine vinegar  
6 T olive oil  
Fresh ground pepper and kosher salt to taste

#### For the salad:

1 1/4 pound sashimi grade ahi steak, about 1 1/2 to 2" thick  
2 t olive oil  
1 head butter lettuce, washed, torn and chilled  
1 head frisee (also called baby endive), washed, torn and chilled  
1 pint cherry tomatoes  
12 olives, Nicoise or other type of olives  
1 T capers, drained  
2 boiled eggs, peeled and quartered

### INSTRUCTIONS

#### For the vegetables:

1. Heat the oven to 400 degrees. Spread the potatoes out on one baking sheet and the green beans on another. Toss each with 1 T olive oil and season with fresh ground pepper and kosher salt to taste.
2. Roast the potatoes for approximately 25 minutes, depending on size. Remove from oven and toss after first 10 minutes. Potatoes are done when they can be easily pierced with a fork and have developed some nice color. Remove from oven and set aside.
3. Roast the beans for about 10 minutes, tossing after 5 minutes. Beans are done when they are still firm, but are beginning to color. Remove from oven and set aside.

#### For the dressing:

1. Place the minced shallots in a small bowl. Add the mustard and vinegar and whisk together. Whisk in the olive oil to form an emulsion. Season with salt and pepper to taste. Set aside.

#### For the salad:

1. Rub the ahi with olive oil and season with salt and pepper. Heat a non-stick frying pan over medium high heat. Sear 2 minutes on each side, including the top, bottom and sides. The goal is to sear the outer crust of the ahi, but leave the interior pink and raw. Remove from the pan.
2. Slice the ahi in thin 1/4" slices cutting across the grain of the fish.
3. Spread the lettuce over a large platter or shallow bowl. Arrange the ahi slices, green beans, potatoes, cherry tomatoes, olives and boiled eggs over the lettuce. Drizzle with dressing and serve.