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## Monthly Budgeting 101

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By Amanda Deverich via Huffington Post

Overspending is a significant source of stress. Each credit card swipe brings twinges of tension with visions of Christmas bills dancing in the head. Joy in giving becomes tainted with anxiety. An ingenious budget is the antidote to holiday spending angst.

Do not think of a budget as buzz-kill. A budget is more than damage control. In fact, a well designed budget can actually heighten the shopping experience by guiding and challenging purchasing scouts to find the most valuable treasures in a targeted price range. Think of shopping with a budget as the ultimate reality game show with the winner in the black.

Savvy shoppers will take advantage of a budget that delivers an edge in decision making. A good budget empowers purchasers with direction, confidence, and freedom from anxiety. Most readily found budget advice is simply to decide how much you will spend this year and to not go over that amount. Sticking to a spending limit is sound strategy, but is not very useful in the department store trenches. A spending limit relies solely on self discipline and does not offer any tips or tricks.

The best Christmas budget tool I have found defines and hones your purchasing prowess. This budgeting tool distributes funds in accordance with how important the recipient is in your life. The weighted distribution prevents spending all the money on the kids with just a bit left over for your spouse. You may chose to spend more money on your kids than the spouse, but this budget tool can help you accurately see how great that disparity is and may cause some reflection on the relative value of your giving.

This is how the best Christmas budget tool works. First, decide how much you are going to spend. Second, make a list of everyone for whom you will buy gifts and assign a point value to each person based upon a comparative amount you would like to spend on them. For example, on a scale of 1-5, with 5 being high, your spouse may receive a 5 and your postman a 1. Third, total all the points. Fourth, divide the total amount you plan to spend by the total points. This quotient is your Christmas budget factor. Finally, go back through the list of people receiving a gift and multiply the Christmas budget factor by their point value to determine how much you can spend on each of them. Sounds confusing? It is not. Here is an example:

### Steps to Establish Budget

1. Determine your budget total: \$500
2. List all the people you will buy gifts for and assign point values 1-5:  
Spouse- 5  
Daughter- 3  
Son-3  
Mom and Dad-3  
Sister and Brother in law- 2  
Niece- 2  
Nephew- 2  
Teacher- 1  
Postman- 1
3. Total the points:  
 $5+3+3+3+2+2+2+1+1=20$
4. Divide budget total by total points to get Christmas budget factor:  
 $\$500 / 20 = \$25$
5. Multiply each person's point value by your Christmas budget factor:  
Spouse-  $5 \times \$25 = \$125$   
Daughter-  $3 \times \$25 = \$75$   
Son-  $3 \times \$25 = \$75$   
Mom and Dad-  $3 \times \$25 = \$75$   
Sister and Brother in law-  $2 \times \$25 = \$50$   
Niece-  $2 \times \$25 = \$50$   
Nephew-  $2 \times \$25 = \$50$   
Teacher-  $1 \times \$25 = \$25$   
Postman-  $1 \times \$25 = \$25$

You now know how much you can spend on each person. Budgets can be time as well as money saving. For example, rather than looking for a small, unique gift in a swank boutique where temptation to spend a little more is high and there may or may not be something for \$25, it would be better to look in a big box department store where more choices may quickly be found. Often when we shop without a strategy we overspend on people who are not very close to us. The point value in this budget tool helps you distribute your funds as a reflection of how close the person is to you. An accurate relative dollar amount helps focus our energies.

Once you have generated your best Christmas budget ever, let the shopping safari begin! Enjoy the targeted focus, freedom from fear, and challenge of the find that the budget tool provides. Shoot for the best value in each category. Take home the top prize of a healthy bank account, reduced anxiety, and Christmas in the black.

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