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Getting Beyond the Tough Times

Make a financial plan to see you through

Many consumers establish a budget as a planning tool. It is especially important to take a look at your finances and have a plan when your income decreases. By understanding what money you are getting and what you are spending, you may be able to make changes to help you through the tough times. Reviewing your expenses and income together can help you identify expenses you may be able to cut or reduce, purchases you might be able to delay, and make sure you have enough money to pay for things that are a priority.

How do I create a plan or a budget?

Your income and expenses are two parts of your budget that can change over time. A budget is a great tool to help you track your income and expenses and allocate specific amounts of money for spending. Putting it together in one place can help you make adjustments to make sure you are not spending more than you are earning.

Be sure to take a look at the expenses you need to pay annually or semiannually, such as taxes or insurance premiums, and make sure to include them in your plan. Update your budget to include all of your income, such as wages and bonuses, and other possible amounts. Be sure to update your list of expenses as they change, including utilities, mortgage or rent payments, car payments, food, and entertainment. It is helpful to consider any anticipated expenses, such as education costs, to see the impact they will have and prepare for the change.

Online personal finance management tools or mobile apps can help you create a budget and make it easier for you to stick to your budget. Find more budgeting ideas at FDIC Consumer News: [Time to take a new look at your money habits.](#)

Are all the expenses I'm paying for automatically each month really worth it?

Some expenses you put on automatic payment may look small but can add up over time. Review your credit card and checking account statements for expenses that are charged on a recurring basis. Check to see whether you still get value or need these products or services. Sometimes you may find that you have the same benefits elsewhere, which is duplicative and costly.

What is "paying myself first?"

Saving money may seem impossible when funds are tight, but consider opening a savings or money market deposit account to regularly set aside money for

unexpected events. Treat your savings like a bill and pay yourself first, even if it doesn't seem like that much. You will be surprised at how consistently saving a seemingly insignificant amount of money will add up over time. Set savings goals that are easy and manageable. Doing so will create a habit of saving, which will help well into your future.

How do I use credit wisely?

While building a credit history is important, understanding how to manage credit is equally important. Make your loan payments on time. Avoid using your credit cards impulsively and charge only what you can pay off in the following billing cycle as much as possible. When you use your card to make purchases, if you pay that balance in full by the payment due date each month, you won't be charged any interest on that balance. Carrying an unpaid balance on your credit card will result in interest charges. Interest is also charged on cash advances beginning on the transaction date. The Truth in Lending Act gives you certain protections when you use your credit cards and loans. Paying your loans on time and other parts of your credit history will often determine whether your financial institution will approve your application for a loan and/or determine the interest rate you will pay for the loan. For more information, visit FDIC's [Consumer Protection Topics - How to Choose and Use a Credit Card](#).

Additional Resources

Consumer Financial Protection Bureau (CFPB): Credit Reports and Scores, <https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/>

Federal Trade Commission (FTC): Managing Debt, <https://www.consumer.gov/debt#!whatto-know>

Federal Trade Commission (FTC): Focus on Financing: Preparing for Your Future, <https://www.consumer.ftc.gov/articles/pdf-0054-focus-on-finances.pdf>

Securities & Exchange Commission (SEC): Save and Invest, <https://www.investor.gov/introduction-investing/investing-basics/save-and-invest>

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