

BUDGETING *your way to a* HAPPY NEW YEAR

Melissa's Christmas was fantastic! She'd hosted a successful family luncheon and made up gift baskets and delivered them to quietly grateful patients at the local hospital. And she'd eaten and imbibed at a record number of festive parties. Yes, it was the best Christmas... ever!

CHRISTMAS IS OVER... NOW WHAT?

In January, however, Melissa, a 38-year-old marketing executive, found she had spent far more money than she should have and had little idea of where it had all gone. She'd disposed of receipts for the groceries as well as the dresses and shoes on which she had splurged. "All I know is that for several months, I've been spending more money than I earn. I wasn't budgeting, just spending. I didn't think my purchases were extravagant, I was just trying to achieve an acceptable quality of life for me and my family," Melissa explained.

Trevor, Melissa's cousin, referred her to a Caribbean Financial Literacy website: www.financialliteracycaribbean.com for some pointers. Trevor, who earns a good salary as a tutor at a technical college, had read an article on Living Below Your Means (LBYM) some years before. "It really made me consider my personal financial situation. My salary was good and I wasn't spending loads of money but I still felt I wasn't saving enough."

Trevor finally took the plunge and started to track his income and expenses to see exactly where his hard-earned money was going. "I was shocked to find out that in one month I'd spent over US\$100 at coffee and ice cream shops." Trevor also discovered other expense areas in his tracking process that could be reduced. He then set up a budget that included trimming his

mocha and gelato expenditures down to US\$25 a month. He continues to track his monthly expenses and compares it to his budget. "Since beginning this process on January 1, 2007, my savings have increased more than even I projected. I'm like an athlete at a track event - trying to beat my savings record in the next month compared to the previous month!"

A CULTURE OF INSTANT GRATIFICATION

Howard "Skip" Edmonds is from the Caribbean Regional Technical Assistance Centre (CARTAC), which is responsible for the Caribbean Financial Literacy website. He says that Melissa's and Trevor's situations are not uncommon. "Throughout the Caribbean and this generation in particular we've taken onboard a culture of instant gratification to our own detriment. But the ideals of deferred gratification, saving for a rainy day and Living Below Your Means have very little appeal."

Financial Literacy campaigns throughout the Caribbean are the timely response to out of control spending. The campaigns, designed to educate and empower Caribbean nationals towards personal financial responsibility, are going on in Barbados, Jamaica, Trinidad and Tobago, and throughout the Eastern Caribbean.

EVERYONE CAN BUDGET

"A mistake many people make is not budgeting because they think they earn very little money. That is a fallacy. The first thing you need to know is that you should budget no matter how much you earn," Edmonds said.

Melissa has started her journey to a greater financial fitness by using the tools on the Financial Literacy website to track every single cent she spends so that she can make a realistic budget. "I didn't realise I was spending so much on things that were not that necessary. Writing down my expenditure is a real eye-opener."

BUDGETING TOP TIPS

1 Keeping track of your income and expenditures is the best way to help you achieve your financial goals.

2 Look for a way of budgeting that you feel comfortable with and best suits tracking your spending. It doesn't matter if you use Excel, Quicken or a notepad. Just do it!

3 A budget allows you to see how much you are earning, spending, and saving, but more importantly, how much more you can save.



For more top tips visit:

CARTAC: www.financialliteracycaribbean.com

Trinidad & Tobago: www.national-financial-literacy.org.tt/home2.htm

Eastern Caribbean: www.eccb-centralbank.org/PublicAwareness/Index.asp