

Why You Should Budget Like a Boss Even When You're Broke

A while back, I was making barely enough money to pay my bills each month. I made the grievous mistake to give up on budgeting, my logic being that if all my income was going out on automatic payments, why bother monitoring it? It wasn't like I had spare money to worry about!

Of course, my error was only clear to me in retrospect. It takes only one instance of a missed payment to make you lose track of what was paid and when, and when you're broke the LAST thing you want to be doing is working through months of bills to figure out where things have gone awry.

Here are some of the lessons I learned the hard way by not staying consistent with my budgeting:

Lesson #1: Don't Leave All Your Money in a Bucket; Give Every Dollar a Job

I abandoned my budgeting because I figured that what little income I had coming in was going to be taken care of thanks to automatic payments. My income basically lived in a bucket (my bank account), and various bills and payments took from that bucket until it was empty. Set it and forget it, right?

The problem with this was, I stopped watching the bucket. If my income was delayed, a credit card payment might bounce, and without a clear ledger of what was paid and when, I inevitably wondered, "Is this charge a payment for this month, or the last? Did that last payment actually get applied, or will they try billing me again?"

I could look into my bucket and see how full or empty it was, but it didn't help me answer these questions. My dollars didn't deserve to just be lumped together in one bucket – they needed a job!

By giving every dollar a job – that is, a specific category in my budget - I can clearly see where my money has gone and where it hasn't gone yet. If an unplanned payment has gone through, I can re-assign some of my dollars and still have a clear idea of what I have left overall.

No more clueless peering into a bucket for me!

Lesson #2: Your Life Changes More Rapidly Than You Think

Once I vowed to leave my bucket budget behind, I returned to YNAB eager to start tracking every dollar again. YNAB makes it easy with the "Make a Fresh Start" feature to keep all your categories intact while restarting your budget, but what surprised me most was finding how many of my saved categories were no longer relevant for me.

Living with a friend eliminated my need for a "rent" category, several subscriptions had been canceled months ago, I had a new PO Box to pay for, and many of my payment plans had been altered.

Sure, *some* of my payments remained the same (still have to budget for "Cat Supplies" or my furry friends would absolutely *riot*), but had I kept up with budgeting, all of my categories would have remained current. As it was, I needed to sift through my mail and emails to make sure that I had everything accounted for.

Luckily, YNAB makes it easy to update your budget as much as you need to, or else my absence from my budget would have been much more frustrating!

Lesson #3: You'll See Your Financial Wins Much Sooner

It didn't take me nearly as long to start having "extra" money again as I expected, but I had literally no idea! By the time I realized I had more money in my bucket than I needed for bills, I hadn't been living strictly "paycheck to paycheck" for months!

If I had been budgeting consistently, I would have known the moment I had a spare dollar – and would have immediately sent it to work (after a celebration, of course)!

Additionally, since I wasn't paying attention, it would have been easy for my "extra" money to go missing. If I had been accidentally double-billed for something, I would have been none-the-wiser.

Don't you want to know the second you have a #winning moment to celebrate? I know I do, which is why I've gone back to budgeting to make sure I never stay clueless about my finances again – which includes when my hard work has finally paid off!

Believe me, I know it can be hard to face your budget when you feel like you don't have enough income to meet your needs. Fear kept my head in the sand, and ignorant to what little money I had and where it was going. But with consistent budgeting, you can avoid so many headaches – and be quick to celebrate the financial victories as you achieve them!