

# Myths about Budgeting



Many people never even consider starting a budget because they are afraid they will have to “give up” something. To some, a budget is like a diet that may force them to forgo a favorite treat. In our experience, a diet is the wrong metaphor to use when thinking about budgeting.

## **Myth #1: You have to suffer to use a budget.**

The truth is, you are following a budget whether or not you have consciously implemented one. Unfortunately, the “budget” you end up with by doing nothing is almost certainly an endless cycle of reactions, as opposed to a dynamic, proactive strategy. A reactive mode contains the double whammy of the anxiety of wondering when the money will run out, and then feeling deprived when it does. A budget will actually reduce your aggravations.

## **Myth #2: You have to be in debt to budget.**

Another popular misconception is that budgets are only for people who are in real financial trouble—individuals who are severely in debt or currently living way beyond their means. While it is true such circumstances require a budget overhaul (or, more likely, implementation), the truth is that everyone can benefit from budgeting.

Successful companies, operating solidly in the black and generating millions of dollars in annual revenue, all maintain budgets. Some companies have entire departments, with dozens of employees, whose sole purpose is to run the budgeting process. These companies don't do all of this because they are in financial trouble or are spending beyond their means. They do it because budgets work.

## **Myth #3: You have to spend extra hours doing paperwork.**

Another common fear is that budgeting will take huge amounts of time. With some older budgeting systems, this is certainly true. Even with the newer systems, there is certainly an investment of time up front to get things rolling.

However, once you have your budget set up and in place, bill-paying sessions turn into stress free, time-efficient moments. You've eliminated the month-in and month-out agonizing (or arguing) about priorities. You also no longer wonder where the money will come from for the next bill that crosses your desk. All of that negative energy and time will have been turned into a positive routine experience!