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Don't Let Retirement Sneak Up on You -- Budget and Plan

Many people hate these words. They associate budgeting and planning with that of a strict, low-fat, low-carb, high-protein dieting. They believe that those people who do budgeting and planning are starving themselves to death.

But the funny thing with this is that these same people who criticize budgeting and planning fail to take a look at retirees who splurge themselves during their fruitful years. Have they wondered what became of these retirees after years of no budgeting and planning? Are they blissfully spending their retirement at the Bahamas or at the fine, white sand beaches of Boracay?

This type of retirees relies solely on their social security pension and, worse, if they weren't an active contributor to the social security system, will have to submit their fates to homes for the aged.

No one wants to be listed in this type of retirees. We all want to spend our retirement traveling around the world, relaxing on a cruise, or simply go fishing on a lake which is just a few meters away from our own comfy cottage.

We all have a dream retirement in our heads. Whatever that is, we can achieve this through budgeting and planning.

What to budget on and to plan on:

It seems like new information is discovered about something every day. And the topic of Budgeting is no exception. Keep reading to get more fresh news about Budgeting.

1. Spending

Make a spending plan - Now's the time to change your free-spending ways. To do that, track the money that's coming in and going out. Fortunately, there are easy ways to do that. Go online and search for "free budgeting software." There are many free and shareware bookkeeping software around and they are easier to use and understand than complicated finance software such as Microsoft Money and Quicken. Finance software lets you track all your check writing by category and makes monthly comparisons of your actual spending to the amount you've budgeted.

Use a debit card instead of your credit card. This way, the amount you're spending is the amount that is actually in your hands. Credit card allows you to spend over and above your current budget, which is bad, especially if you are not expecting any money to come in anytime soon.

2. Saving

Make a saving plan - Everytime you receive an income, whether that be from your regular salary, bonuses or sidejobs, take at least ten percent (10%) from it as your savings. Remember, savings is not the amount left after you've paid for everything. Think of savings as part of expenditure; deduct it from your salary the way you do with utility bills, rent and other necessary expenses. Ten percent is automatically added to your savings account every pay day

Budgeting and planning means never finding an excuse not to save.

3. Investing

Make an investment plan - Savings are meant to keep us warm during stormy nights; and when used wisely, savings can help us achieve financial freedom before we actually retire. Make an investment out of your savings to generate income. For first time investors, use twenty-five percent (25%) of your savings as a start up investment.

You don't have to have millions to start investing. If your start up investment is just about \$1000, invest it in treasury bills to gain steady returns, or in a time deposit even for five years time only. Careful budgeting and planning will help you determine which is right for you.

There are many forms of investments out there. To avoid great losses in investment, refrain from investing in

businesses or the stock market if you don't have a financial analyst. Just invest slowly and choose investments that are, although have small returns, sure to yield results such as real estate, security bonds or treasury bills, and insurance plans.

Don't limit yourself by refusing to learn the details about Budgeting. The more you know, the easier it will be to focus on what's important.

About the Author

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