

To start out 2006, we are explaining the step-by-step process of setting up a spending plan and putting it into place. In last month's article, we looked at "Getting Started," where we determine exactly where you're currently spending money using an expense diary and the "Existing Spending Plan" form. If you missed that article, you can find it and the form on our website (www.livingwellokc.org, see the page "Managing Money" and click on "Navigating the Financial Roadway").

If you have completed your existing spending plan, you are now ready for the next leg of the journey, "Mapping Out the Route." This, of course, involves creating your "New Spending Plan." We seem to be fascinated with lists and percentages in our society. I don't know about you, but I like being in the upper percentile of "good lists." Being in the top 10% is good, isn't it? Well, how would you like to be in the top 1%!! You can be.....**less than 1% of our population spends according to a written spending plan!** Is it any wonder why so many people are in financial bondage?

In the months to come we will explain the details of coming up with your New Spending Plan, but let's take a closer look at this financial journey for now. As we prepare for our financial journey, we will compare our existing spending plan with our new spending plan to determine where adjustments need to be made. Using our trip analogy.....you've determined your location and you've plotted your course according to a map. Once you start your trip, do you throw your map away? Of course not, you use it throughout your trip, monitoring where you are and to determine if adjustments in your travel plan are necessary. The same is true for our financial journey....our map (spending plan) has a control system built into it that will help "keep us on the road." **Just like warning lights on our car's dashboard signal a problem with our car, our spending plan control system will warn us before overspending occurs.**

When we drive down the highway on a trip, we constantly are on the alert for road hazards. We must do the same thing as we navigate the financial

roadway. One of these hazards is **discouragement**. To complete the trip, we must keep on going. One of the most common problems is to establish a spending plan and then not following it. This would be like starting a trip, taking a wrong turn, getting lost, and then getting discouraged to the point of turning back for home. **When we hit a "bump in the road" on our financial journey, we need to stick to the plan, making adjustments and "repairs" as necessary, but continuing the journey.**

Another hazard is **legalism**. We must not become inflexible and legalistic when following our spending plan. That would be like coming to a "road closed" sign and immediately turning back, saying "if we can't go the planned route, we don't go at all." We must remain flexible to changes, when they are necessary, because our lives change! **If we become legalistic and inflexible, the spending plan becomes a family weapon instead of a family tool.**

Overcorrection is another hazard to watch out for. If you're on your road trip and spend too much at your first stop, do you give up on the rest of your trip and go home? No, you make adjustments and cut back on spending in some areas. When money gets tight while following a spending plan, the tendency is to try to eliminate certain expense categories (usually things like clothing, entertainment, even food!). That's not practical, creates pressure, and is counter-productive. **Corrections and adjustments are often necessary when spending according to a plan, but you don't overcorrect in one area to the point where other categories become unrealistic.**

So, if you haven't already started "mapping out a route" for your financial journey, begin today by compiling your existing spending plan. Next month we will be taking a detailed look at the different expense categories which make up the spending plan.

True financial freedom requires that all of us, regardless of our income level, be good stewards – God calls us to be good managers. Remember: **GOD OWNS IT ALL!**