

Section 3: The Importance of Having a Zero-Based Budget

VIDEO 3.1

Cash Flow Plans Do Not Work When...

- » You _____ things _____. Make sure your budget includes everything that requires money. You may forget and leave some things out at first, but as you get better at budgeting, that will happen less frequently.
- » You _____ your plan. All you really need is paper, a pen and a calculator. It's as simple as writing down everything that requires money each month and putting an amount next to it.
- » You don't actually _____ . This may sound overly simple, but it's easy to find reasons not to write a budget. When this happens, remind yourself of all the reasons you should do it.
- » You don't actually _____ on it. Your written plan will not work unless you actually follow it. And as you get used to it, you may see some budget items that aren't realistic. That's okay! Just adjust the budget for next month until you get it right.



THINK A CREDIT CARD IS SAFER TO USE THAN A DEBIT CARD?

Think again. Some people believe that credit cards carry a better track record and that you're less likely to have your money stolen when you use a credit card. Sadly, those people are wrong.

Credit cards carry a huge risk of allowing the user to incur debt. Debit cards force you to pay with money you already have. If you hold a debit card from a well-known name like Visa or MasterCard, it will have the same policy about unauthorized charges that credit cards have. Don't fool yourself into thinking that credit cards are the "safe" way to go. They'll only get you into trouble and force you to make payments.

