

## **Bills.com: New Budget Plan Helps Make New Year Resolutions Possible**

*By Bills.com, LLC*

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SAN MATEO, Calif., Feb. 18, 2009 – A few weeks ago, many Americans created New Year's resolutions that revolved around their money -- and now Bills.com president Ethan Ewing is offering five ways for individuals to create a budget that can make those resolutions stick.

"A spending plan is also known as a budget," Ewing said. "Use whichever term works better for you -- but do plan a way to use your funds."

1. **Know Your Goals:** Establishing meaningful goals – as an individual or, for those with spouses, partners and families, together – is the first step in budgeting. "You don't want to go through life as a rudderless ship, so make sure your financial strategy is taking you somewhere you want to end up," Ewing said. "Whether you want to buy a home in three years, plan for impending retirement or simply go for a walk every day, the important thing is that you plan to meet these goals."

2. **Create a Budget:** A monthly budget allows individuals to live within their means and direct funds toward the goals set in Step 1. Based on the identified goals, the strategy should help you become free of liabilities, accumulate assets, and use cash flow and assets to build a positive net worth.

Begin by detailing ongoing, fixed monthly expenses such as rent or mortgage payments, and then add variable expenses that are "must-buys." These will include food, gas and medicine. Next, set up categories for savings (prioritize building an emergency fund), unexpected expenses and – if there's enough – entertainment. Subtract total expenses from monthly net income (the amount left after taxes and other paycheck deductions such as health insurance and 401(k) contributions) to find cash flow. "If your bottom-line cash flow is negative or does not help you achieve your short- and long-term financial goals, find a way – difficult as it may be – to either increase your income or reduce your expenses," Ewing suggested.

For more details on creating and using budgets, and guidelines on percentages of income to spend and save, check out Bills.com's free budget guide, located at [www.bills.com/guide](http://www.bills.com/guide).

3. **Stop Using Plastic:** One of the keys to establishing a solid financial situation is to eliminate debt – especially credit card debt. The first step is to stop adding to debt. "The cash flow that is going into creditors' pockets should be going into your own savings account," Ewing said. "Cut up your credit cards, freeze them in a bowl of water, give them to your mother for safekeeping or do whatever it takes to stop using them. Pay more than the minimum each month -- and pay as much as you can. You will eventually get rid of your debt."

4. **Guard Credit:** Check your credit report routinely – "at least annually, but we are starting to suggest checking it quarterly," Ewing said. Once a year, consumers can go to [www.annualcreditreport.com](http://www.annualcreditreport.com) and pull a free "tri-merge" (all three major reporting bureaus) credit report. Guard against identity theft by shredding all documents that contain personal information, closing unneeded credit accounts, and never giving personal information to those who solicit it by phone or e-mail.

If you find errors or misrepresentations in your credit report, send a letter directly to each agency requesting the item be corrected or removed. If you see fraudulent action, put a fraud alert on your account with each agency, and immediately write your creditors to inform them that you did not conduct the transaction in question.

5. Get Catastrophic Insurance Coverage: Insurance protects consumers from financial losses that would permanently derail their financial strategy. Once a year, reassess and make sure that you are protected from loss of income to your family (life insurance), medical trauma (health insurance), auto accidents (auto insurance) and damage to your most important asset (homeowners' or renters' insurance). Generally, high-deductible policies with low rates protect from catastrophic events while keeping the monthly cost low.

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About Bills.com ([www.bills.com](http://www.bills.com))

Based in San Mateo, Calif., Bills.com is a free one-stop portal where consumers can educate themselves about complex personal finance issues and comparison shop for products and services including credit cards, debt relief assistance, insurance, mortgages and other loans. As the online portal to Freedom Financial Network, LLC, the company has served more than 50,000 customers nationwide since 2002 while managing more than \$1 billion in consumer debt. Its RSS feed is available at [http://www.bills.com/news\\_releases/](http://www.bills.com/news_releases/).

Bills.com holds the No. 257 spot on the Inc. 500 list for 2008, and the No. 3 spot on Entrepreneur Magazine's Hot 100 list of the fastest-growing U.S. companies. Company co-founders and co-CEOs Andrew Housser and Brad Stroh were named to the Silicon Valley/San Jose Business Journal's "40 Under 40" list in 2008, and were recipients of the Northern California Ernst & Young 2008 Entrepreneur of the Year Award.

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Tags	debt help, debt consolidation, credit card debt, debt relief, debt, bankruptcy, Finance, Mortgage, home refinance
Email	<a href="#">Click to email author</a>
Phone	650-393-6203
Address	1875 South Grant Street #400 San Mateo, CA 94402
City/Town	San Mateo
State/Province	California
Zip	94402
Country	United States