

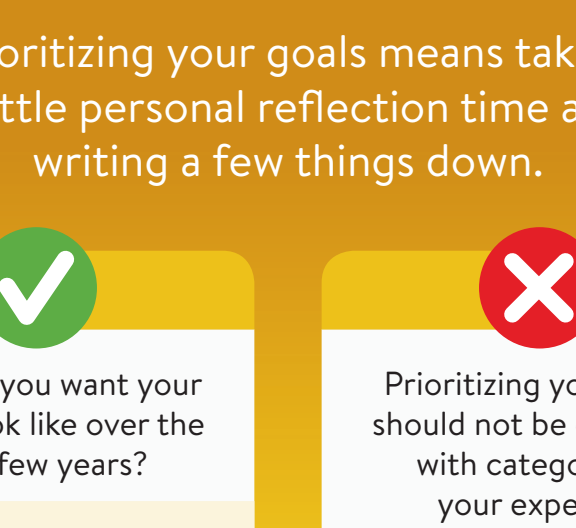
Use **psychology** to **BUILD A BUDGET** you'll **stick** with!



When you start looking for financial advice, experts will share their take on what's "good" and what's "bad", but they will often contradict each other.

IT'S TIME TO **RETHINK**

Rather than trying to follow all of the expert advice, start by losing the desire to classify everything as "good" and "bad". Instead, just remember these three steps.



STEP 1 **PRIORITIZE**

Prioritizing your goals means taking a little personal reflection time and writing a few things down.

<p>What do you want your life to look like over the next few years?</p> <p>It could be your dream to train for a new career, have an adventure in a foreign country, start your own business or raise a family</p>	<p>Prioritizing your goals should not be confused with categorizing your expenses</p> <p>You shouldn't prioritize what you think you "should" be saving up for—do not let other people's priorities define your goals</p>

Allow your goals to be a judgment-free zone—goals and dreams are as diverse as the minds and personalities behind them. In most cases, goals reach beyond the familiar trifecta of "pay off student loans, buy a house, save for retirement".

WHY PRIORITIZING WORKS

Prioritizing your goals gets you buzzing about what your money can do for you. There are a couple of motivating factors at work here.

<p><b>1</b></p> <p><b>You are asserting your beliefs and your values</b></p> <p>You are reminding yourself of why you're willing to adopt a budgeting system in the first place</p> <p>Studies show that you're more invested in activities that reflect your personal values—this is what generates stamina and determination</p>	<p><b>2</b></p> <p><b>It reminds you that you're in charge—that you have a say in where your money goes</b></p> <p>Social scientists point to autonomy as being a critical element to sustain motivation</p> <p>It's powerful to realize that your budget is a collection of choices you make in order to create the life you want</p>
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GET STARTED

- Grab a pencil and paper
- Ask yourself what you want
- Think about it for 10 minutes
- Write the answers down
- Realize your goal are achievable

STEP 2 **TRACK**

Tracking your expenses means being aware of where your money is going *as you spend it*.

IT'S TOTALLY UP TO YOU

<p><b>PAPER</b></p> <p>Some swear by tracking their expenses with good ol' pencil and paper</p>	<p><b>APPS</b></p> <p>Others like to use budgeting apps on their smartphone or spreadsheets on their computer</p>	<p><b>ENVELOPES</b></p> <p>Some gravitate to unique approaches like portioning their spending money into envelopes</p>
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When you track your expenses, a couple of things will come to light.

<p>You start to realize that every transaction, no matter how big or how small, is either contributing to a goal or taking away from it</p>	<p>The second thing you'll notice is that the longer you've been tracking your expenses, the more you'll see the evidence of your progress</p>

WHY TRACKING WORKS

Another critical element in sustaining motivation is competence, or your ability to do something well. We thrive on being reminded that we're improving.

**Tracking your expenses helps you to identify your spending patterns and to course-correct when necessary**

By tracking your spending, you're also tracking your effort—you're creating a record of your progress along with a record of your transactions

Before long, you'll have tangible evidence of how your actions and your follow-through are contributing to a calmer, happier financial life

You'll see how capable you are of budgeting and you'll find it easier to keep your budgeting winning streak going

GET STARTED

- Try out a new budgeting system today
- Browse the App Store or the web, or pick up a book
- Don't spend much time comparing budgeting approaches
- Just pick one and try it out

STEP 3 **REWARD**

Rewarding yourself means encouraging and celebrating your progress as you create healthier financial habits.

<p><b>MILESTONES</b></p> <p><b>Time-based</b> Use budgeting app every day for 30 days</p> <p><b>Achievement-based</b> Pay off all credit card debt</p> <p><b>Increment-based</b> Emergency fund reaches \$500, \$1,000, \$2,000</p>	<p><b>REWARDS</b></p> <p><b>Material rewards</b> Fancy coffee, movie night, new gadget</p> <p><b>Time- and experience-based rewards</b> Give yourself permission to spend an entire day just vegging out</p>
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WHY REWARDING WORKS

Quite simply, rewards feel good. Rewards highlight our achievements and renew our commitment.

<p><b>1</b></p> <p><b>As kids, we loved earning those gold star stickers</b></p> <p>Although that familiar achievement/reward structure practically disappears in later years, it doesn't mean that rewards are any less effective in adulthood</p>	<p><b>2</b></p> <p><b>Assigning rewards to a milestone creates added incentive and boosts your motivation</b></p> <p>When you earn, claim and enjoy a reward, your brain gets an extra hit of dopamine, which increases your focus and drive</p>
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GET STARTED

- Brainstorm a list of budgeting milestones and a list of possible rewards
- Set a timer for 10 minutes to keep yourself on track
- After the time is up, assign the rewards to your milestones
- Rewards should celebrate your efforts and be exciting to work toward

**When you reach your milestones, claim your rewards!**



Incorporating **Prioritize, Track, Reward** into your budgeting method of choice will boost your motivation while tackling your personal finance goals at the same time.