

**Abstract:** Simplicity is the key to a successful family budget. But every budget needs to cover all necessary items. This brief article provides food for thought on what to include in a family budget.

## **Thoughts and musings on family budgeting**

Simplicity is the key to a successful family budget. But every budget needs to cover all necessary items. To find the right balance, your budget should address two distinct facets of your family members' lives: the near term and the long term.

In the near term, your budget should encompass the primary, day-to-day items that affect every family. First, housing: This is often the biggest expense in a family budget. And a budget shouldn't include only mortgage or rent payments, but also expenses such as utilities, furnishings, maintenance and supplies.

Naturally, there are other items related to daily life for which you need to account. These include groceries, vehicle and transportation expenses, clothing, child care, insurance and out-of-pocket medical expenses. And you need to draw clear distinctions between fixed and discretionary spending.

Along with being a practical guide to family spending, a budget needs to address long-term goals. Naturally, some goals are further out than others. One of your longest-term objectives is probably to retire comfortably. So the budget should incorporate retirement plan contributions and other ways to meet this goal.

A relatively less long-term goal might be funding your children's education. So, again, the budget should reflect this. And, as a long-term but "as soon as possible" objective, the budget needs to be structured to pay off debt and maintain a strong credit rating.

Only through careful planning and discussion can families build a budget that addresses both daily finances and long-term financial goals. We can help you get started.

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