

Balance Your Way to Financial Freedom

The path to personal financial freedom begins with balancing your primary checking or savings account. Balancing your primary account gives you the necessary information to go further into budgeting and managing your money.

As a community banker I see many individuals who do not balance their primary personal account. Sometimes this costs them money in the form of overdrafts or service charges for falling below minimum balances. Other times it is simply a disappointed look at their balance because they “Thought they had more money in their account”. Either way these difficulties can easily be solved by balancing.

Balancing is reconciling the transactions in your checkbook or savings register with the transactions on your bank statement or printout.

Balancing is no less important for an individual who gets paid \$2,000 a week than one who gets paid \$250 a week. Regardless, both individuals need to know balances in order to budget and manage properly. By balancing your primary account you begin to notice trends in your spending, and you begin to gather the necessary information to create a budget. If you do not balance you cannot have a truly-disciplined budget because you will not know specific dollar amounts and trends in your spending. You only have estimations. Balancing turns estimations into real and precise numbers.

Once you have constructed a realistic budget, based on the trends you learned through balancing, you can begin to manage your money at higher levels. You can begin to save money for specific purposes (big-ticket purchases, vacations, emergency funds, investments, etc.). When you can begin to do this, you are truly managing your money. Managing your money is not easy it takes strength, discipline, and patience. You have to be strong enough to say “No” to the urge of impulse or unplanned spending, you have to discipline yourself to follow the budget and stay on path, and you have to be patient because successful money management does not come without hard work and time.

If you do not currently balance your primary personal account at least once a week I challenge you to try it for one month. Keep your receipts, enter them into your register, and reconcile to your statement. Then look back on the month and see how “what you think” compares to reality.

If you do not know how to balance your checkbook or savings register contact us at Lake-Osceola State Bank. Regardless of who you bank with we will be more than happy to assist you in learning how to balance and put you on the path to personal financial freedom.

This article appeared in the business section of the Pioneer Newspaper in Big Rapids, MI. It was contributed by Bobby Fisher of Lake-Osceola State Bank. Mr. Fisher is a regular contributor of Personal Finance columns to the Pioneer.