



Never mind its restrictive reputation. Budgeting isn't about limiting your spending; it's about **liberating yourself in pursuit of your financial goals.**

FIND FINANCIAL  
**Freedom**  
With a **BUDGET**

**B**ecause she sees words like “deprive,” “withhold” and “deny” when she hears it, Carrie Rocha hates the word “budget.” Like a fence that’s too high to climb, it represents everything she can’t do.

“I hate calling it a budget because it means ‘everything fun I can no longer spend money on,’ just like diet means ‘everything good I can no longer eat,’” says Rocha, a budgeting expert who writes her own money management blog, PocketYourDollars.com. “It’s like, ‘We can’t go out on Friday nights anymore because we’re on a budget; we’re not fun, we don’t do anything and we don’t buy anything.’ How long is that going to last?”

Although she hates the word, Rocha loves what the concept of budgeting has done for her life. In 2006, she and her husband decided they were tired of juggling their finances in order to pay for unplanned expenses. Although they made enough money to cover their fixed monthly bills, they had \$50,000 worth of credit card debt, student loans, taxes and other debt because they didn’t save enough money to pay for things like Christmas gifts, vacations, new clothes or car repairs.

“The reason we were in debt was because our life cost more than what we were making, but we didn’t realize it,” says Rocha, who eventually sat down with her husband and made a written budget that included giving to charity, setting aside 10% of their income for an emergency fund, paying their monthly bills and saving a pro-rated amount for non-routine expenses like clothing and travel. “We had to get creative in how we lived life to reduce expenses enough to accommodate the savings we committed to. We had this epiphany: The only way you stay out of debt is to save money in advance of a needed expense. Simple, but life-changing for us.”

Thirty months after they created their budget, Rocha and her husband were out of debt. They didn’t stop budgeting, however. Instead, they continued to save and this year paid cash for a new car. “We call our budget a ‘balanced life plan’ because it reflects the priorities of our life,” Rocha says. “The plan reflects a balanced life. Balanced financially, but also balanced in that it reflects what’s important to us, like eating out once a week and taking vacations. We didn’t give those things up; we gave up other things – like our daily mocha and croissant – to be able to prioritize and afford them.”

### Redefining ‘Budget’

Like Rocha, individuals and families can use personal budgets to pay down debt, build savings and manage expenses. In order to be successful, however, they must start the budgeting process – like Rocha did – by redefining and reclaiming the word “budget,” says Shay Olivarria, author of “Money Matters: The Get It Done in 1 Minute Workbook.”

“‘Budget,’ for a lot of people, undermines. People think, ‘It’s going to hinder me. It’s going to limit me from doing what I want to do,’” Olivarria says. “They feel like they’re going on a diet, which causes resentment and anger. So then they go out and binge. They think, ‘I’ve denied myself this for so long, so now I’m going to go out and go overboard.’”

Olivarria likes the term “spending plan” instead. “It isn’t that you shouldn’t spend money,” she says. “It’s that you need a plan for how you should spend it so that you can get the most out of it.”

No matter what you call it, what’s important is understanding what a budget is and how it can help you reach your financial goals.



“YOU WORK HARD FOR A REASON. BUDGETING ISN’T ABOUT DEPRIVING YOURSELF. BUDGETING ACTUALLY GIVES YOU MORE FREEDOM TO SPEND YOUR MONEY, BUT ON THINGS THAT ARE REALLY IMPORTANT TO YOU.”

**NANCY TUNBERG, VICE PRESIDENT,  
BRANCH MANAGER, FIRST MIDWEST BANK**

“A budget is a useful tool to make sure you’re not spending more than you make, and that you’re also putting some money aside for a rainy day,” says First Midwest Bank’s Michelle Maiter, Vice President, Group Branch Sales Manager. “It’s about living within your means and setting up a plan for the future. When you have a great budget plan in place, you feel satisfied. You feel good about yourself because you know you’ll be able to overcome whatever financial challenge comes up later in life when you need a cushion.”

### How to Build a Budget

Because budgeting is all about monitoring money that’s coming in and controlling money that’s going out, the first step in building a successful budget is to take a snapshot of your financial life, says First Midwest Bank’s Nancy Tunberg, Vice President, Branch Manager. When she advises her clients about budgeting, the first thing she has them do is work with their banker on a Financial First Aid Kit, which consists of 10 questions that First Midwest Bank has developed to help clients find out where they are financially, as well as where they’d like to be.

“It’s all about starting a conversation,” says Tunberg, who then has her clients download First Midwest Bank’s Personal Budget Kit at [firstmidwest.com/budget](http://firstmidwest.com/budget), which they can use to keep a two-week daily spending diary that shows them where, exactly, their money is going.

“You need to figure out what your income is – where you are getting your money, which includes interest, dividends, etc. – then list the expenses that you can’t change, like your mortgage and your bills. Then it’s about figuring out what you have left and how to allocate that,” Tunberg says. “It’s not as difficult as it seems.”

As Olivarria says, “You need to find the opportunities you have to create the life you want.”

To find those opportunities, Rocha recommends deciding what you want out of life – a comfortable retirement, the ability to travel or more time off to spend doing things you love – and what you’re willing to give up to get it. “My husband



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GROUP BRANCH SALES MANAGER,  
FIRST MIDWEST BANK**

matic funds transfer from my checking to savings; with every paycheck I get, a portion automatically goes into my savings. You’d be surprised how quickly it accumulates.”

### Bringing Your Budget to Life

Once you know what you’re spending

and you’ve identified opportunities for spending differently, you then have to put your budget into practice, Olivarria says.

“You are running a corporation, and it’s your job to make sure your company’s profitable,” she says. “So, you’ve got to monitor your spending. After you create your budget and set your goals, make sure you’re reviewing them regularly – monthly, or at least quarterly – to make sure you’re on target.”

Your budget shouldn’t be something you create and then never look at again, Tunberg adds.

“When things change in your life, you have to change your budget,” she says. “It’s an evolving process.”

Because it often ends with something you’ve always wanted – a dream vacation, for instance, a new home or a new car – it’s also a rewarding process. “Pleasure is important,” Tunberg continues. “You work hard for a reason. Budgeting isn’t about depriving yourself. Budgeting actually gives you more freedom to spend your money, but on things that are really important to you.” ♦

and I have a dream of moving to Brazil one day,” she says. “So, now I ask myself, ‘Do I want a mocha, or do I want to move to Brazil one day?’”

If your financial goal is to save enough money for your dream vacation, for example, then you have to look at your budget – what you’re making and what you’re spending – and look for opportunities to make more and spend less. Then you have to set realistic, attainable goals to get you there.

“You have to recognize: You have money, but you make decisions about what you’re going to do with it,” Rocha says. “The things that are most important to you get your money first, and the things that are least important get your money last.”

To help you set realistic goals, you can use First Midwest Bank’s online budget calculator, available at [firstmidwest.com/calculators](http://firstmidwest.com/calculators), to automatically calculate different budget scenarios. The top line item on your budget should be “savings,” Maiter says. “The most important thing with a budget is to pay yourself first,” she says. “Personally, I have auto-

## Bank On a Better Budget

Because it requires you to take an honest look at what it costs to live your life, budgeting can be scary. Just because it’s intimidating, however, doesn’t mean that budgeting has to be lonely. As a trusted partner, First Midwest Bank can help you through the budgeting process with tips, tools and counsel designed to help you invest for tomorrow, today.

To begin building your budget – and your future – ask your banker about the following First Midwest Bank services:

### FINANCIAL FIRST AID KIT

Spend a few minutes with your banker answering 10 questions designed to help you set and achieve financial goals.

### PERSONAL BUDGET KIT

Download and complete the Personal Budget Kit to help you get a clear picture of your household income and expenses.

### BUDGET CALCULATORS

Convenient and free, the online budget calculators can help you analyze how much you’re spending and create a plan for cutting out the financial fat.

### BUILD-A-BUCK

A Build-A-Buck account can work in tandem with your budget to help you meet your short- and long-term savings goals.



Do you need help figuring out how much you’re spending every month? Visit our Budgeting Center online at [firstmidwest.com/budget](http://firstmidwest.com/budget).