

6 benefits of budgeting for a life with less stress

Keyword/s: budget/s/ing, benefits of budgeting/budgeting benefits

Draft key: **Yellow: insert link**

CTA: Learn more about how LOQBOX works

Total word count: ~1360



Do you ever find yourself wondering where all your money has gone at the end of the month? Are you struggling to save for big purchases or pay down debt? Or perhaps you think the only way to reach your financial goals is to make more money than you currently do.

Luckily, we just might have a solution to help: **budgeting**. If you stick with us, we'll show you how budgeting can not only help you get on track with your goals, but how it can also be enjoyable, rewarding and *freeing* without having to make huge sacrifices or increase your income.

A budget is a simple financial plan you create for yourself that tracks your income and expenses each month. A good budget will categorize your expenses so you can see exactly where your income goes after paying for the necessities like rent, transportation and groceries. Your budget should also include categories for nonessentials such as dining out and entertainment.

So a budget reveals how much money you spend on life necessities as well as on purchasing products and services that get you the lifestyle you want. This overview of how you spend your money is useful because knowing what's going on is the first step to getting more control over it. This helps you relax. After all, when you don't have enough to cover all your expenses, it feels stressful. We think budgeting is the best way to continue enjoying your life today without sacrificing your goals for tomorrow.

The good news is that budgeting doesn't have to be painful. In fact, we even think it can be fun. Budgeting is a breeze with the right tools (some of us at LOQBOX even look forward to budgeting now). Personally, we recommend the budgeting app [Mint](#) because it's free and easy to use.

Keep reading to learn about six benefits of budgeting that help you stress less and enjoy more!

6 benefits of budgeting for a life with less stress

1. You find out how much you *really* spend on guilty pleasures

What's your guilty pleasure? Eating out at trendy restaurants? Expensive bottles of silky red wine? Fancy wardrobe updates? (Personally, we'd go for the wine. And the restaurants. And the clothes.) Whatever your guilty pleasure, it's probably easy for you to answer this question.

But do you know how much you actually spend on this guilty pleasure each month?

Don't worry, we're not saying you have to give up your guilty pleasure. We're saying that tracking how much you're really spending here gives you the opportunity to make sure you're happy with that choice.

If you feel you'd prefer your money to go toward something else, then you might decide to set a limit for how much you'll spend on your guilty pleasure going forward (while being reasonable of course, because you still deserve a treat every now and then). You might then choose to spend the money you save paying down debt, funding emergency savings or working toward a big financial goal like a down payment for a house. Ultimately, it's up to you. Budgeting just gives you the freedom to make the most informed choices that are truly best for you.

2. You discover how to live within your means

Most digital budgeting tools will let you know when you're "in the red", which means you're overbudget. That red text or highlighting is psychologically motivating – no one wants to be in the red. But we can do more not to get to this point. Knowing how much you have to spend and

tracking how you typically spend your money will help reduce the temptation to spend more than what you make.

If done too often, spending more than what you make can result in ever-increasing credit card debt. This can be difficult to get out of once you've started. And it can also result in lower credit scores if you're using too much of your available credit. This could make it harder for you to be approved for a mortgage when you're ready to take the big step toward homeownership. But if you have found yourself with some credit card debt to clear, then budgeting can help with that too.

A budget helps you realize what living within your means looks like, and oftentimes it reveals how you can make that possible. Knowing that you're living within your means can also help you get more enjoyment from the things you do buy because you know you can truly afford them.

3. You can stress less when an emergency occurs

Budgeting also helps you get better at saving your money first before you spend it on other things. A popular budgeting rule of thumb is to give every dollar a job the day you get your paycheck. By categorizing your dollars the day you get paid, you might choose to set aside a certain amount each month towards building your emergency fund (instead of, you know, realizing at the end of the month that you accidentally spent that emergency money on too many lunches from Chipotle).

If you build an emergency fund slowly over time, you'll be amazed at how much you can accumulate. The next time your engine light comes on or your puppy chews through your landlord's baseboards, you don't have to worry about where this money is going to come from. It'll already be there.

4. You can track your progress toward your goals

Besides an emergency fund, you probably have other financial goals. Whether it's something big like purchasing a home or a smaller goal like paying for the annual family vacation, it's going to take time to save that money. Budgeting allows you to visually track your progress toward your goals. Unlike being in the red, this visual representation can be *very* rewarding. Just watch those numbers go up!

Also, if you overspend in another category one month and have to take money out of a goals category to cover it, you may experience the pain of realizing what overspending is doing to your long-term goals. Of course, mistakes happen and sometimes you even plan to do this. Remember, a budget is just there to help you make choices that work for you!

But a budget can highlight what overspending may be costing your goals and help you decide if it's worth it. You'll also probably find that the more progress you make toward your goals, the

more excited you'll feel to keep going. In our opinion, this is one of the greatest benefits of budgeting.

5. You get to watch your net worth increase

[Net worth](#) is a fancy financial term to describe just how much wealth you own. You can calculate your net worth by subtracting your [liabilities](#) from your [assets](#). In other words, you subtract what you owe (i.e. credit card debt, student loan debt, a car payment) from what you own (i.e. your bank accounts, your retirement accounts, real estate property).

When you track your spending, you may quickly start to realize how much you can actually save every month. And you can use this money to pay down debt or deposit to your savings accounts (be it for retirement or a rainy day). Both these actions help to build your net worth, which means greater financial security. It's motivating to see that greater security represented by real numbers.

6. You take back control

Ultimately, budgeting allows you to take back control. Instead of endlessly experiencing the stress from living in the paycheck to paycheck cycle, budgeting puts you in charge of your dollars and the decisions you make with them. No more guiltily wondering whether you can afford to go out with your friends on the last Friday of the month. You'll know for sure that you can!

Be smart with your savings

The benefits of budgeting can truly make your life simpler and more enjoyable – both in the long run and in your day-to-day. We estimate that when you commit to budgeting for a period of months, you'll be amazed at how much your spending habits change and how much you can save.

For now, we recommend tackling two important financial fitness steps with one simple action. When you know how much you can save each month, consider opening a LOQBOX for free.

LOQBOX allows you to save money in a way that also improves your credit score. A good credit score is important because it increases your likelihood of not only getting approved for things like mortgage loans, but for getting approved with good terms. Learn more about how our unique process works [here](#)!