

Managing financial crunch

Contributed by admin
Monday, 17 July 2006

What to do when you are in a crisis? Your credit cards are maxed out; you can't pay beyond the bare minimum. You are into a mess and you can't buy any new thing. This mess could have been avoided, had you made a budget for yourself. A budget will help you in sorting out the money and where it should be used. To clear your debts, you need to make more money, reduce what you owe and your current salary needs to be stretched so that you can pay your debts sooner.

To make more money:

1. Try getting a new job which offers you a better salary.
2. Try to do free lance your services over the internet. You can do this by sitting at home.
3. You can do part time jobs at night and weekends. You can earn some extra cash from here.

To reduce what you owe, try out the following:

1. All your credit card balances should be transferred to a new zero balance transfer cards. You could save money by not having to pay any interest for the next 6 to 15 months. This of course depends on what you owe. Do not forget to close or freeze your previous credit cards. This is required so that you can't charge them back. The money saved on interest can be thus applied on extra payments.
2. You should cut down on any extra bills. You can very well manage without a second cable box! Cancel your automatically charging memberships on the internet. Restrict your phone usage.

You need to work on your skills to be able to do all this. You can check out the books to get some tips. You can also learn the job by volunteering somewhere.

To stretch your salary:

1. Depending on the weather, your thermostat should be turned up or down. Put a sweater or pair of socks around the house in winters. Get a timer for your thermostat. This way the thermostat will work only when you are at home or awake around the house.
2. Take care of your bathroom, yard and kitchen by yourself. Stop the services that you may be taking for this. You need to do this to save money.
3. Use cash when buying your groceries. Don't use your debit card when you have 20\$ in your pocket. This way you will buy only the essential things. This is needed to put an end to unnecessary purchases. Who know you may also end up loosing some weight due to this!
4. Tune your car well. This will help you in reducing the transportation cost. You can carpool or vanpool to reduce the expenses. You will save time by driving in the HOV lane.
5. Try bargain hunt online. You can buy second hand books, seasonal sale items and a lot more at a lesser price through the internet. However you need to set a limit for your credit card. Get a prepaid credit card if you can't do it. This prepaid card can be used online but has a certain limit.