

## 3 Budgeting Hacks If You Receive A Biweekly Paycheck

If you receive a biweekly paycheck, you've probably noticed extra money coming your way certain months. The best part is that your monthly bills stay the same.

*Mo Nammari, Branch Manager*

Consider these three budgeting hacks if you receive a biweekly paycheck.

### Pay down high-interest debt

Consider how your budget with an extra paycheck could help you pay down debt. Before paying off debt with your new budget with an extra paycheck, make a list of all of your debts organized by balance and annual percentage rate (APR).

Paying off the debt with the highest APR could save you the most money because you're paying the most to carry a balance. Paying down a few low-APR, low-balance debts can also help you gain momentum and bring other financial benefits. For instance, if you owe close to your credit limit on a credit card, the high credit utilization—or card balance to credit limit ratio—could negatively impact your credit score.

If your budget with an extra paycheck includes debt repayment, you'll start to owe less and have less interest accruing each month, freeing up even more cash from subsequent paychecks.

### Build an emergency fund

Paying down debt isn't the only way to budget with an extra paycheck. An emergency fund of three to six months of your regular expenses can help you weather financial setbacks, such as a lost job or medical emergency, without having to take on new debt.

Keeping these funds separate from your regular checking and savings accounts can help you keep them earmarked for the unexpected (and reduce the temptation to dip into them for non-emergency expenses). Places to keep your emergency fund include a high-yield [savings account](#), [certificate of deposit](#), or [money market account](#).

If creating an emergency fund or adding to an existing one is on your to-do list, a budgeting trick to save two paychecks is to automatically transfer your extra paychecks into your emergency fund account.

### Save for a big goal

If you want to save for a goal like a new car or home, or contribute to tax-advantaged retirement accounts, contributing two full paychecks out of 26 can be a good start.

If you have a 401(k) through an employer and already contribute enough to get your maximum annual match, you may want to consider a Roth IRA. A Roth IRA is for retirement, but it also allows first-time homebuyers who have held their account for at least five years to withdraw up to

\$10,000 to buy a home. Your budget with an extra paycheck could then go to either major goal.

Even loftier, you could put aside money to start a business. If you plan on starting a business someday you could put away the paychecks annually and let those savings build as start-up capital.

## **Budgeting to Meet Your Financial Goals**

When you're deciding how to budget with an extra biweekly paycheck, being disciplined and proactive about the savings opportunity of a third paycheck can help you form a strong foundation for your financial future.

To learn more about how PlainsCapital Bank can help with your financial portfolio, call us at 866.303.0557 or visit your local bank branch today.