When you don't have enough money to cover your expenses, you're under stress. You're concerned about falling short. You worry about emergencies. You struggle with replacing major items like a vehicle or appliances. And you are uneasy about creditors.

Managing money takes planning and that's something many dislike. But managing your money can help relieve the constant stress of worrying about paying bills. It can help you regain control of your finances.

Needs and Wants
The first step in managing your money is deciding how you want to spend it. Every decision you make to spend money on one thing affects your ability to spend money on other things. Some decisions are easy—should you rent a movie or go to see one? Others are much more difficult: How will you find a decent place to live on a limited income?

Making the best money-management decisions depends on looking at how you spend your money and on what. On the one hand, you have needs. Needs are necessary to live. Their costs can't be avoided and they typically fall into five spending categories—shelter, food, health care, clothing, and transportation.

On the other hand, we have many different wants. Wants make our lives more comfortable and enjoyable. They're far more numerous than needs and they vary from person to person. Wants are those extras in life that we like to have but that are not necessary for survival. Before making any purchase ask yourself two questions: Why do I want it? Do I really need it?

Tracking Your Spending
Where does your money come from? How much money do you have every month? Have you ever had $10 in your pocket and not known where it all went? It is important that you know where your money goes. Understanding how much income you have and where your money goes every month will help you take control of your finances. Some people get paid monthly so that's the time frame that will be the focus of this publication.

Tracking expenses is useful for anyone who wants to develop a spending plan to help control expenses. While a spending plan lists what a person expects to spend, a list of actual expenses shows where the money really goes. It may point out areas where the plan is not working. Tracking expenses helps you make a realistic spending plan. It reduces stress to have an accurate picture of where your money goes.

Five Tracking Methods
There are several ways to keep track of spending. Here are five that work for some families. Choose one. Keep a record of where every penny goes for a set period of time. Tracking your expenses for seven days will help you get an idea of where your money goes each week. To get a more accurate picture, track expenses for a month. This will help you establish the cost of all monthly expenses such as food and utilities. The expense tracker worksheet (1A) will help you track spending each week.
Receipt Method
This is an easy and convenient way to track your spending. Get a receipt every time you pay for a product or service.

- Label all receipts with expense categories, such as food, transportation, or clothing.
- Place receipts in a box or drawer. Use one envelope or divider for each category. Bills such as utilities and insurance should also be placed in the box after they are paid.
- If you use credit or debit cards, be sure to file those receipts also.
- If you don't get a receipt, make one, label it, and file it in the proper category.

At the end of each week sort the receipts. Write down how much money you spent in each category. Keep receipts for proof of purchase and taxes.

Envelope System
The envelope system works well if you like to pay for things with cash. It requires little paperwork.

- Make an envelope for each expense category (rent, utilities, food, etc.). Label the envelope with the category, amount, and date due.
- When you cash your paycheck or receive other income, divide cash into envelopes for each expense category.
- Inside each labeled envelope, put the amount of money you plan to spend in that category each month. You don't have to record how much you spend. Just replace the cash with receipts.
- Pay bills right away, so you won't get late charges or be tempted to spend money for something else.
- To pay bills by mail, use money orders (not cash), available at banks, grocery stores, and post offices. Money order fees vary, so shop around.

Keep envelopes in a safe place, preferably locked. Try not to shift money from one envelope to another. If there is money left in an envelope at the end of the month, you'll know you've done well. Save leftover funds for future emergencies in a savings account or safe place.
# Expense Tracker

<table>
<thead>
<tr>
<th>Day</th>
<th>What did I spend my money on today?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunday</td>
<td></td>
</tr>
<tr>
<td>Monday</td>
<td></td>
</tr>
<tr>
<td>Tuesday</td>
<td></td>
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<tr>
<td>Wednesday</td>
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<td>Thursday</td>
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</tr>
<tr>
<td>Friday</td>
<td></td>
</tr>
<tr>
<td>Saturday</td>
<td></td>
</tr>
</tbody>
</table>
## Tracking Tools

### Month

<table>
<thead>
<tr>
<th>Income</th>
<th>Expenses/Bills</th>
<th>Pay or Due Date</th>
<th>Amount</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paycheck</td>
<td></td>
<td>May 2</td>
<td>$800.00</td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td>May 6</td>
<td>$400.00</td>
<td>ã</td>
</tr>
</tbody>
</table>
Calendar or Notebook Method

Some families use a calendar or notebook to track income and bills.

• List income on the date it is received.
• Write in bills and expenses on dates they are due.
• As bills are paid, mark off each one.

A calendar with large spaces to write on works best. The calendar may also be used to plan for larger irregular expenses. Examples are insurance payments, school supplies, or holiday gifts. The notebook can also be used to store bills so they are easy to find. Use Tracking Tools worksheet 1B as an example for how to set up the notebook method.

Checkbook Method

This works best if you use checks or debit cards for most bills and purchases. In this system, you track your expenses in a checkbook register. By recording each check or debit card transaction, you keep an accurate record of what you’ve spent.

• Your checkbook register will include the date, check number, name of the person or business, and amount.
• For each entry, you’ll also make a note of the spending category.

At the end of the month, you can track what you’ve spent by totaling expenses for each category. Then compare them with your spending plan.

In addition to valuable information about your spending, checks also provide proof of payment. Many checking accounts also pay interest on account balances. However, beware of possible bank charges that add to your costs. Examples are fees for low balances, numbers of checks written, or automated teller machine (ATM) card or debit card fees.
Tracking Time
Choose the record-keeping system that works best for you or your family. In most households, it works best when one family member is responsible for tracking the household spending. Schedule a regular time for record keeping and bill paying because getting behind can make it a challenge to catch up.

After you have determined your income and expense totals from tracking, it is then time to develop a realistic spending and saving plan. (See Publication CIS 1113, Making a Spending and Saving Plan, available for $1.50 (#1296) from Ag Communications, University of Idaho. To order, call 208.885.6436 or email agpubs@uidaho.edu.

Resources

