

MANAGING YOUR MONEY

How A Checklist Of Your Finances Can Help You Save

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(NAPSA)—Saving money doesn't have to be overwhelming. You can make a positive change in your life by starting small and setting reasonable goals for yourself based on your realistic income and expenditures. Reviewing the past



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year's expenses can help you set goals for the next year and understand where to adjust your spending so you can save more.

As you create your checklist of expenses, consider the fixed bills you pay every month, such as your mortgage or rent, utilities, auto insurance, day care, Internet, cell phone as well as ongoing variable expenses like groceries and gasoline. Also, keep in mind purchases such as your coffee, meals out, snacks, DVDs, books, movies and other expenses.

If you're not sure what's on your list or how much is actually being spent, review your monthly bank and credit card statements. Many online banks already offer category summaries of debit card purchases to help you gather this information.

If you happen to have an active home equity line of credit, be sure to review these records for any repeat expenses for the next year.

Pay close attention to those periodic expenses that occur only once or twice a year or even periodically—expenses such as car maintenance, vacations, birthdays, holidays and membership dues. These often-overlooked expenses can be the critical missing link when creating a checklist that really works.

When you have your list laid out, take a hard and honest look at where your money is going. Did you live within your means? Did you spend more than you thought on going out? What areas can you cut back on so you can start to save more money?

Evaluate what anticipated changes could happen over the new year, such as job change, relocation, new baby, children starting private school, children going off to college, taking care of parents, or a home remodeling project. Consider how these changes could impact your budget.

Start with a month-by-month approach that's easy to follow and easy to update. First, look at how much money is coming in each month versus how much is being spent. If your expenses far outweighed your income, this is the time to make adjustments.

Using debit cards can be a great way to track the total amount you are spending each month. Debit cards provide a record of your transactions almost instantly from the point of purchase, making it easy to see where your money is going.

Remember, however, if you are using a debit card versus cash or a check, be sure to regularly review your statement or track your spending daily so that you remain conscious of what you are spending, instead of slipping into autopilot spending.

Reviewing this information is not always easy, but a huge step toward greater savings for your future. As you review your list of last year's expenses, ask yourself: Was my spending in line with my values, goals and priorities? What changes can I make to get closer to my goal?

You also want to plan for savings. Ideally, 5 to 10 percent of your income is the target amount to save. However, it's best to start small and set a nominal amount per week or per month and make sure that amount stays in the savings. If you put too much aside with great intentions and then end up pulling money back out because of an ineffectively planned budget, it can erode your confidence in being able to save.

Tracking your daily spending helps you stay more aware of where you stand financially at all times. Also, remember that you always have choices. If you are low on funds, remind yourself that it's only temporary.

During those times, avoid temptation spots like the mall or favorite Web sites so you don't sabotage all your good work. And finally, set aside some "mad money" for those times when you just need a little break, but not so much that it breaks your budget.

Judy Lawrence is a financial and wealth coach and counselor in Silicon Valley. Her book, "The Budget Kit: The Common Cents Money Management Workbook, 5th Edition," has sold over 400,000 copies and is a perennial best seller for Kaplan Publishing. For the free e-course or free newsletter, or to find out more about her services and books, you can reach her at www.moneytracker.com or Judy@MoneyTracker.com.

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