

HOW TO TRACK YOUR SPENDING

The first step to getting your finances on track is to figure out where your money is going. But that isn't always obvious: you may have a good handle on your monthly bills, but what about your daily expenses? You may be surprised by how much money you spend on small items (like lunches and transportation) when you add up your out-of-pocket costs.

It's easy to track your spending if you focus on a short timeframe. When you see all of your expenses laid out, you may be able to identify some simple changes that could make a big difference in your financial situation - helping you stretch your paycheck or build your savings. Here's how you can track your spending habits:

STEP ONE: Commit to tracking your spending for at least one month. During this time you will need to keep track of every dollar you spend, every purchase you charge, and every bill you pay.

STEP TWO: Save every receipt that you get. Whenever you get a new receipt, put it in a designated container. It can be a zippered bag or a folder or even a shoe box. It doesn't matter where you store your receipts as long as you keep them together.

STEP THREE: Record your online purchases and bill payments. Not all transactions come with a physical receipt. If you make an online purchase or if you pay a bill, write the details down on a slip of paper. Add the slip to your collection of receipts.

STEP FOUR: At the end of the month, take all of your receipts and online slips and separate them into categories like GROCERIES, MEALS, HOUSING, TRANSPORTATION, ENTERTAINMENT, ETC. Add up the totals for each category. Then add those numbers together to get your grand total for the month.

STEP FIVE: Now that you know where your money is going, you can use this information to create a realistic budget for next month. Review all of your expenses for ways to cut back, and then decide what to do with the extra money.