

INSIDE GRUNDY COUNTY
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January 4, 2012

Where Does the Money Go?

Happy New Year! I hope your holiday was filled with joy, peace and great memories. The start of the New Year brings renewed hope and offers the chance for new beginnings. We make New Year's Resolutions to change or improve our lives. Sometimes the holiday season results in spending that may not have been planned for and we find ourselves short of money. If one of your resolutions is to improve your financial position, then plans can be made to help reach that goal. A good starting point is to track where your money is going.

Methods you can use include: receipt, calendar, envelope, modified envelope, checkbook, check register, account and computer software. Choosing one and sticking to it will help you better plan and control spending. I will cover the first three methods to give you a flavor for how they work. Whichever one you decide to use, should be one that fits your family so it improves the chances you will follow-through.

The receipt method involves saving receipts from your purchases. Find a convenient place to store your receipts such as in a box, drawer or a pouch calendar near where you unpack your purchases. If you don't get a receipt, you can still record your purchase on a notepad or piece of paper. On a regular basis, sort and total receipts by predetermined expense categories, then record the totals in a notebook, ledger or spreadsheet. For this method to work well, all family members must cooperate by saving receipts.

The calendar method allows you to track income and expenses. To make it work, you must write income whenever you receive it and write in bills and expenses when they are due on the calendar. Once you pay the bill, cross it off. It can be very useful for tracking expenses that don't occur each month such as insurance, property taxes or holiday gifts.

The envelope method works well for tracking and controlling expenses purchased with cash. With this method, you set aside money for various expenses in separate envelopes on a regular schedule. Label envelopes with a specific budget item such as gas or groceries along with the budgeted amount for each expense. As you receive income, place the budgeted money in each envelope. When it is time to purchase a budgeted item such as gas or groceries, take the money from the corresponding envelope and write the date and amount spent on the envelope. At the end of the month, transfer any money left in the envelopes into a savings or emergency fund account. This simple method lets you see how much money there is available to spend on each budgeted item.

Once you have decided on a method that works for you, keep your records simple, have a person in the household be responsible for recording expenses, regularly complete the recordkeeping and then analyze expenses to determine if you are meeting your financial goals. For more information, contact the Grundy office of ISU Extension at 319-824-6979 and ask for publication PM 1918 *Tracking Your Spending*.