

Building a Spending Plan: Step 2 - Where Is Your Money Going?¹

Nayda I. Torres, Josephine Turner, and Brenda C. Williams²

In order to manage your money, you have to know where your money is going. What do you buy? What monthly expenses do you have? What are the different ways you can spend and encumber (make a promise to pay) money?

You may know exactly how much you are spending or you may have no idea. Either way, you need to know where your money is currently going (what you are buying or paying for) in order to create a spending plan.

A simple no-cost method of tracking your spending is by recording your expenses on paper. Start with a plain sheet of 8.5" x 11" paper. (Notebook paper works just fine.) Fold it in half from side to side, lengthwise. Then fold it in half

again two more times to create eight sections on each side. Label the first seven sections with each day of the week. Label the last section "Totals."

To use: re-fold the paper to the current day. Carry it with you and make a note of each item purchased and how much you paid for it. Don't forget to record purchases put on your debit or credit cards. Record your purchases every day for a month. Total the expenditures by category in the eighth section. See the example in Table 1 below.

This information will be helpful in Step 4 (<http://edis.ifas.ufl.edu/he824>) so be sure to keep the paper in a safe place like a file, a large envelope, or a box.

Table 1. Daily expenditures for a week.

Monday	Tuesday	Wednesday	Thursday
Lunch \$4.75 Groceries \$15.32	Gas \$10.00 Lunch \$4.85	Barber \$8.00 Soft drink \$.75	Lunch \$4.85 Movies \$8.50
Friday	Saturday	Sunday	Totals
Lunch \$2.50 Cleaning supplies \$8.67	Laundromat \$6.50	Pizza \$8.59	Lunches: \$16.95 Groceries: \$15.32 Snacks (food): \$9.34 Cleaning supplies: \$8.67 Laundromat: \$6.50 Gas: \$10.00 Barber: \$8.00 Movies: \$8.50 Total = \$83.28

1. This document is FCS7168, one of a series of the Department of Family, Youth and Community Sciences, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida. First published: February 1997. Revised: July 2012. Please visit the EDIS website at <http://edis.ifas.ufl.edu>.
2. Nayda I. Torres, Professor Emeritus, Department of Family, Youth and Community Sciences; Josephine Turner, Professor Emeritus, Department of Family, Youth and Community Sciences; and Brenda C. Williams, Extension Agent IV, Alachua County Extension Office; Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL 32611.

Tips to make sure your tracking of expenditures is complete and accurate:

It is ideal if you can record your spending each day for a whole month (usually four weeks). If more than one person in the family is spending, each person needs to do this exercise. Add all the expenditures together at the end of the week.

After you have completed writing down your daily expenditures for a week, you will want to add other expenditures you make by check or automatic withdrawals from your checking account to pay bills (if you have this set up with your bank). Make a list of these expenditures and add them to the totals for the week.

See the example in Table 2 below.

Table 2. Other expenditures by check and automatic withdrawal.

Checks written this week:	Automatic withdrawals this week:
Rent - \$485.00	Gas company - \$35.00
Groceries - \$86.50	Electric company - \$85.00
Day care - \$165.00	Water bill - \$15.00

Table 3 below provides a chart for you to total all your major categories for the month as you track expenses by the week. Your categories may be different from the example given, so change them to fit your actual expenditures. A plain sheet of paper or a page of notebook paper can be used to list your expenditures, as in the chart below.

The far right-hand bottom box on the chart will be your grand total for the month. It should equal the total for the columns above it and equal the total of all the weeks across the bottom.

This chart will be helpful in completing Step 4 as well as showing you what bills (auto loan, rent, utilities) need to be paid in which weeks of each month.

For the rest of the steps in the *Building a Spending Plan* series, visit http://edis.ifas.ufl.edu/topic_series_building_a_spending_plan.

Table 3. Amounts Spent by Week

Categories	Week 1	Week 2	Week 3	Week 4	Week 5	Totals
Groceries						
Eating out						
Snacks						
Entertainment (movies)						
Gas (for car)						
Personal (haircuts, grooming, etc.)						
Rent						
Car payment						
Utilities (gas, water, electric, etc.)						
Day care						
Clothing (new, dry, cleaning, repairs)						
Other						
Totals						