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Tracking Income & Expenses

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Gaining control of your financial situation and using money to help reach your goals is possible, but first recognize where your money goes and evaluate spending habits. Start by tracking everything spent during a one-month time period. Write down what is purchased and how much it costs.

There are a number of tracking methods to use to check if your spending plan is working for you. There is no "right" method to track expenses. Choose the one that works best for you and your family.

Receipt Method

Saving receipts is an easy way to track what is spent. Choose one location to keep all receipts and tell everyone in the family where to put them. Make sure to keep all receipts for every purchase, no matter how small. If you do not receive a receipt for a purchase, make one. Carry a small notepad to record cash purchases. If a receipt has items with more than one category, split it out and make a paper receipt for each category. Label all receipts by expense category (food, clothing, etc.) and sort them. Place receipts in a box, envelope, or other container by category. Add the totals and record amounts spent on a weekly or monthly basis under each category on the expense worksheet.

Envelope Method

The envelope method is another way to track expenses for individuals that use cash. The first step is to create an envelope for each expense category from the expense tracking worksheet. Label it with the category and amount budgeted. When income is received, put the appropriate amount in each envelope. As money is used, note the date and amount spent on each envelope, or keep the receipt in the envelope. A different method is needed to send payments by mail (possibly check or money order). Keep the envelopes in a safe place. Try not to shift money from one envelope to another. At the end of the month, put any unused cash in a savings or emergency fund.

Calendar Method

The calendar tracking method is a way to budget income and expenses on a monthly basis. It is also a good method for planning those occasional expenses such as insurance, taxes, or holidays. You will need a calendar that has plenty of room to write on. At the beginning of each month, write down income when it is to be received and record when bills are due. Mark off when bills are paid. Record amounts spent on a monthly basis in each category on the household expense worksheet.

Check Register

The check register method is good for those individuals that pay their bills using a checking account (writing checks and using a debit card) for all transactions. Record all transactions in the checkbook register. For each entry make a note of which expense category it belongs in. Total and record amount spent on a monthly basis in each category on the expense tracking worksheet. Cooperation is necessary for two people owning a joint account. Canceled checks also serve as a proof of payment. Check registers can be modified to record expenses by columns created for each category. Cash expenses can also be recorded and identified by circling them.

Computer Method

The computer method is good for those who would rather have everything electronic and not have to

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worry about keeping track of receipts. There are a lot of personal finance software programs available. A spreadsheet can also be used by developing one, or by finding one to download and manipulate. Smart phone or tablet applications can also be used to help track expenses. Transactions should be entered into the correct expense categories.

Computer methods allow quick updates to your financial information and can help figure itemized tax deductions easily. They can also help balance a checking account, provide graphs, and help analyze financial situations.

Conclusion

Tracking your spending will be easier if:

- Records are kept simple and avoid unnecessary details.
- One person in the household is appointed to record family expenditures.
- A regular time is set for recordkeeping. Getting behind makes it challenging to catch up.
- Analyze expenditures regularly. Are all expenses listed? Are expenses less than income? Were spending leaks found? Is money being saved towards financial goals?

No matter which method you choose, use the Expense Tracking Worksheet to record weekly and monthly totals. To get an average, track expenses for 3-6 months.

Tracking your expenses may be time consuming, but it is also rewarding. Accurate records will guide you in making important financial decisions.

Related SDSU Extension Resources

- Setting SMART Financial Goals (04-2003-2013)
- Feeding Your Family for Less (04-2001-2012)
- Strategies for Households (04-1003-2012)
- Needs vs. Wants (04-2000-2013)

Information adapted from: Gorham, L., & Davis, J., (2003). Getting Control of Your Money #1: Tracking Your Income and Expenses, ExEx 14079. South Dakota Cooperative Extension.

References

Lockard, M., & Bischoff, M., (2003). Tracking Income and Expenses. CIS1112. University of Idaho Extension.

Swanson, P., (2007). Tracking Your Spending. PM1918. Iowa State University.

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Expense Tracking Worksheet

Month_____

Expenses	Week 1	Week 2	Week 3	Week 4	Week 5	Category Totals
Savings for Financial Goals						
Emergency Fund						
Rent/Mortgage						
Groceries/Food at Home						
Food Away From Home						
Utilities - Gas/Electricity						
Water/Sewer/Garbage						
Phone/Internet/Cable						
Cable/DVD Rental, etc.						
Child Care						
Medical Expenses						
Vehicle - Gas/Oil/License						
Vehicle Insurance						
Clothing						
Loan - Vehicle						
Loan - Home						
Loan - Education						
Personal Care						
Entertainment/Recreation						
Real Estate Taxes						
Property Insurance						
Health Insurance						
Gifts/Holidays						
Charitable Donations						
Travel/Vacation						
Miscellaneous						
Household Maintenance						
Other						
Other						
Weekly Expense Totals						
Total Monthly Expenses						

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