

It can be a challenge to make all your expenses fit into your monthly income. You may find it hard to even know where to begin. If so, here's a good way to start:

1. Keep track of every penny you spend for a month or two.

Note every fast food lunch, pack of gum, and non-food item tacked onto your grocery trip. Just tracking your spending will help you become more conscious of each purchase. Or, start by simply reviewing all purchases via your online banking account.

2. Assess your spending. Categorize the items you've spent money on — placing them into “needs” and “wants” lists.

Needs Include Things Like:

- Car and college loan payments
- Child support
- Insurance
- Groceries and fuel
- Rent or mortgage payments

These items likely cost you about the same each month, so you can automatically deduct these from your next month's pay to determine how much you have left for discretionary spending.

Wants Cover Things Like:

- Clothes
- Dining out - from your morning latté to evening happy hours
- Other entertainment

These items will vary in total expenditures from month to month—and they're the easiest costs to control.

3. Review your priorities, determine what percentage of your income is going toward wants and needs, and find ways to cut back. The key is to get all your expenditures to fit within your income for each month. Unsure how to improve your bottom line? Here are a few simple ideas:

- Make coffee or tea at home, and take it with you. You could save \$50 or more this way, each month!
- Consider dropping expensive cable TV channels in favor of watching your favorite shows online. You could net around \$100 per month in savings, depending on your current cable package.
- Clip coupons or use store discount cards for groceries. Get even more with cash-back mobile apps that reward you for every shopping trip you make.
- Use a programmable thermostat to stabilize your usage of air conditioning and heating.
- Cook at home more often.

Once you've done some initial assessments and planning, get down to the details of creating and sticking to your budget.

4. Save the rest. Once you've cut back on discretionary spending, you can save your extra money for inevitable emergencies like illness, home and car repairs, and more. Or, use those extra funds to pay down your debt.

These initial steps can help you on your way to improving your financial situation—and reaching your future savings goals.

QUESTIONS?

Contact us at 1-855-347-4864 to speak with a Money Management Advisor today.