

Money Management Strategies!

People who lack a proper money management strategy are prone to financial pitfalls. These examples are just the tip of the iceberg. There are many more out there to be found! Find a system or a combination of systems that you are comfortable with. Ease of use and comfort are key ingredients because you'll be more likely to follow through and continue using it.

ENVELOPE METHODS

Method 1

After tracking expenses for a period of time you will know exactly how much a week you require to cover all your costs. This system is further defined by using our **Variable Costs (Weekly & Monthly Tracker)** sheet.

Pick one day a week that is a designated banking day. Go to the bank on that day and take out the total amount of funds you need to cover all of your budgetary needs for the following one week period.

Put your cash into separate envelopes that you have previously defined by expense category. (Example: One envelope for groceries, one envelope for recreation, etc.) A cheque book sized accordion file works very well too!

Use the money as required throughout the week. Should you find that you're borrowing from one envelope to fund another that is depleted, this will be an indication of a problem that requires your attention. Either your budget is not realistic or there are other issues that need to be addressed.

Remember, this method will fail if you take out more than the budgeted amount of money on your designated banking day.

Method 2

A series of labeled envelopes kept at home works very well when saving for intermittent expenses or other short term savings goals. Refer to the **'Bank Savings'** page when you become uncomfortable with the amount of money being kept in your home.

CALENDAR METHOD

Use a calendar or a day planner by marking the days you have money coming in and when all of your bills are due. This method helps to give you quick reminders of both when your money is coming in and when it is going out.



RECEIPT METHOD

The receipt method is a very easy way of tracking expenses. We recommend that you carry a pen or pencil with you at all times. Whenever a purchase is made, jot down what it is on the top of each receipt.

It is important that when you decide to use this method that you have set aside a **designated place** that you can put your **receipts** at the end of **each day**. An accordion file works very well for this purpose.

At the end of each month sit down and tally all the receipts (defining categories for spending) and compare/contrast these totals to your monthly budget. Should your spending be out of line with your budget, changes must be made.

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DESKTOP SOFTWARE

There is a variety of relatively inexpensive software developed for your home/office computer. These programs are easy to use and readily available at your local office supply retailer. You may be able to download a free sample off the internet prior to purchasing.

JOURNALING METHOD

Use a page in your journal or notebook for each expense category you have. (One page for groceries, one for fast food, one for recreation, etc.) Put the total amount you budgeted for as your opening balance.

As you spend on items in each expense category, subtract the amount spent from the amount allotted. This way, you will keep an accurate running total of how much money is