

Why Track Your Spending Habits?



The little things add up – quickly. How much are you spending on snacks or parking? How often do you eat out for lunch or buy that premium latte? Before you know it you've spent hundreds of dollars with very little to show for it.

By tracking your spending over 2-3 months, you start to see trends and habits. Perhaps you could make a few adjustments to provide a bit more wiggle room in your monthly budget. Who doesn't need a little extra cash flow from month to month? Everyone has goals and dreams, no matter where you sit on the income spectrum. A few tweaks to your spending behaviour and you could be that much closer to achieving your goals.

Whether you're making six-figures a year, or struggling to make ends meet, you need to know where your money is being spent if you want to have a good handle on your finances. Tracking your spending is not about restricting yourself or cutting out the things that add fun to your life; it's about understanding what you have, where it's going and planning a way to better manage your money.

We know what you're thinking. This is a great idea: BUT, can I really track all my spending? Won't this be time consuming? I'm so busy – how can I find time to do this?

These are all valid concerns. And with today's busy lifestyles, how do we find the time to track our spending? There are a few ways to do this and each have varying levels of effort required:

- *Take a note*
Record your spending in a small notebook. Keep it in your purse, car, or pocket. This is an easy, low-tech way to track your spending. List your daily expenses in a few categories, such as food and clothing, transportation, shelter, and entertainment. Take notes as you go, or make it a daily routine – for example, every night before dinner list all your expenses for the last 24 hours.

- *Can I get a receipt with that please?*
Collect all your receipts. Then categorize them by type of expense and input them into a spreadsheet on your home computer. Track daily expenses, weekly expenses and monthly expenses. You'll probably need to allocate 1-2 hours a week to organize and input information into a spreadsheet, but this will be a great opportunity to reflect on how you've managed your money over the past week.
- *Your smartphone app does what?*
Download an Expense Tracker smartphone app. There are many to choose from and some of the best rated are free. Simply search for "Free Expense Tracker" in your app store and you'll see a number of options. Find the one that works for you (note: not all are created equal. Be sure to check out reviews on each). You'll be able to input your expenses into categories and pull reports on your spending habits. This is a quick and easy way to track your spending at the time of purchase, and can also help you decide in the moment whether this is an expense you need, or simply want. This option means you'll need to take a moment at the time of purchase to input your expense amount, but offers you real-time tracking and you'll be less likely to "put it off" for another time.