

BUDGETING & SAVING.

Most people have a general idea of how they're spending their money each day, but they don't know exactly where they are spending or by how much. To make a personal spending plan that is useful to you, you'll need to know exactly what you spend:

- \$ Keep a money journal for a month. Record every purchase or payment you make.
- \$ Keep all of your receipts. Add them up so you know what you're spending and where.
- \$ Read your bank statements if you have a bank account. Check the withdrawals.

Doing this will help you understand your spending habits and create a budget that suits you.

To help you make a budget, it is helpful to determine your **Needs vs. Wants**. A **need** is a **basic expense**, something you cannot do without such as rent/mortgage, basic groceries and transportation.

A **want** is an **extra expense**. You can do without the item, although it would be nice to have (VIP cable package / cell phone with internet access).

To help you stay within your budget, you can:

- \$ Check your Wants (Extra Expenses) to find places where you might save money or trim spending.
- \$ Check your Needs (Basic Expenses) to see if items can be moved to the Wants column, in total or in part.
- \$ For example, do you have a cell phone plan? Are you paying for services you don't need?

Tips to help you stay within budget:

- \$ Put aside the money you need from each paycheque to cover your basic expenses. Do that first thing.
- \$ Set up a "money jar" to cover your extras, maybe the cost of that coffee per day, or a new pair of jeans.
- \$ Put into the money jar the amount you've budgeted to spend, and then stick to your spending plan. Pay cash.

