

Where Does All the Money Go?

Money is easy to lose track of. It likes to escape when no one is looking. And usually, no one is looking. That's why the simple act of observing money can be so powerful, even if that's the only thing you do to manage money.

This exercise is an opportunity to observe how money flows into and out of your life. You will record all the money you receive and spend over the course of one month. This is no small task. It requires commitment to carry a pen and a Money Monitor and to use them, even when it's inconvenient. However, doing so can give you power. Here's how to tap that power:

Instructions

1. On the left-hand side of the form there is a column marked "Money In." Record here all the money you receive during the course of a month and the date on which you received them and where the money came from. Include money from jobs, family, loans, veteran's benefits, and any other sources. For example, if you take money out of a savings account, write it down as "Money In."
2. Record "Money Out"—the money you spend—by categories in the three columns to the right of "Money In." Under "Money Out—Categories," record your rent, phone bills, utility bills, car payments, credit card payments, and any other bills you pay every month. Other categories might include food, transportation, entertainment, savings, and clothing. Many people have enough categories to fill two or three pages of a Money Monitor. If an expense item doesn't fit into a category, put it in a "miscellaneous" category. It is important to record everything you spend. Write down the date you spent money, a brief description of what you spent it on, and the amount you spent.
3. Record your "Money In" and "Money Out" every day for the next month. Under "Date/Note" you also can record how you paid for the item by using simple codes—" \$" for cash, "chk" for check, and "cc" for credit card. A handy way to keep track of cash spent is to fold a 3x5 card over the cash in your wallet. Every time you take out a bill to buy something, you will see the card. Record the expense on the 3x5 card and write it on your Money Monitor later.
4. At the end of the month, check the total all of the columns. Then use these totals to construct a monthly budget. After you create a monthly budget, you can use these Money Monitors as navigational devices to keep yourself headed in the direction of your budget. After a few months of recording Money In and Money Out—income and expenses—you're likely to notice patterns. You can develop your own style of making money work for you rather than against you.

How to use the Budget Worksheet on your Computer: The Money Monitor below is an Excel document which will automatically tabulate your Money In and Money Out totals. To use this document, double click on the table below and then enter in your values. When entering your Money In and Money Out amounts, you will only need to include the numerical values; the \$ symbol will automatically appear. To add additional rows to your table, highlight one of the

rows where you wish to add additional rows by clicking on the number at the left-hand side of the table. Go to “Insert” on the tool bar above and click “Rows.” A new row will appear above the highlighted row.

