



## GET YOUR BUCKS IN A ROW

Becoming a better money manager may not be at the top of your list of goals for the coming year. It may not even be on your list. But maybe it should be. Unless you have unlimited resources, the sooner you take control of your finances, the better off you're likely to be.

### Check Your Cash Flow

Cash flow is a simple concept. If you spend less than you earn, your cash flow is positive. A positive cash flow means you have extra money to save and invest for the future. If you spend more than you earn, your cash flow is negative. There's no extra cash to stash away for later. You may even be in debt.

### Follow the Money

If you're overspending, it's time to find out where your money is going. The only way to see what's really going on is to track your spending for a month or two. Record all of your purchases, even the little ones. You can write them in a notebook, save your receipts and create a paper spreadsheet, or use a smart phone or computer application to keep track.

Next, add up how much you spent during the month in various categories: rent or mortgage, utilities, food, gas, entertainment, clothing, and so on. For a complete picture of your spending, calculate monthly amounts for any semiannual and annual expenses you have, such as insurance and property taxes. Use the "actual" column in this sample worksheet to summarize spending and income amounts.

### Crunch the Numbers

Add up your income, subtract your total spending, and check your bottom line. If you're spending more than you're bringing in, the next step is pretty obvious: Reduce spending immediately. Take a look at where your money is going and identify where you can cut back. If you have high credit card balances, look at how much of your monthly payments represent interest. Eliminating debt can save a bundle.

If you're spending less than you earn, congratulations. But you can still look for places to trim your spending so you can increase the amount you're putting in the "savings and investments" category.

### Finish the Job

Once you get this far, go one step farther and create a spending plan by deciding how much you should be spending in each category and write the amounts in the target column. Be sure to fill in the category for savings and investments. This is money you're going to need in the future. You may want to break it down into several subcategories that correspond to specific financial goals. Just be sure to put your biggest goal — saving for retirement — at the top.

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## Make It Work

It may not be easy, but taking control of your finances can make a big difference in the long run. You work hard for your money — why not make sure it's working as hard as it can for you?

# Monthly Cash Flow Worksheet

	<b>Actual</b>	<b>Target</b>
Food	\$ _____	\$ _____
Rent or mortgage	\$ _____	\$ _____
Credit card payments	\$ _____	\$ _____
Student loan payments	\$ _____	\$ _____
Utilities	\$ _____	\$ _____
Household maintenance	\$ _____	\$ _____
Auto loan	\$ _____	\$ _____
Auto maintenance	\$ _____	\$ _____
Transportation	\$ _____	\$ _____
Clothing	\$ _____	\$ _____
Entertainment	\$ _____	\$ _____
Insurance	\$ _____	\$ _____
Taxes	\$ _____	\$ _____
Savings and investments	\$ _____	\$ _____
Other	\$ _____	\$ _____
<b>Total Monthly Expenditures (A)</b>	<b>\$ _____</b>	<b>\$ _____</b>
Wages or salary	\$ _____	\$ _____
Interest	\$ _____	\$ _____
Dividends	\$ _____	\$ _____
Other income	\$ _____	\$ _____
<b>Total Monthly Income (B)</b>	<b>\$ _____</b>	<b>\$ _____</b>
Total Monthly Income (B)	\$ _____	\$ _____
Total Monthly Expenditures (A)	– _____	– _____
<b>Monthly Net Cash Flow</b>	<b>\$ _____</b>	<b>\$ _____</b>