

Money 2000 and Beyond

Using a check register to track your expenses

Discovering where your dollars go is the first step in becoming a more effective financial manager. After you've tracked your expenses for several weeks, you will have a better idea of where your money goes. That's a critical step in gaining control of your finances.

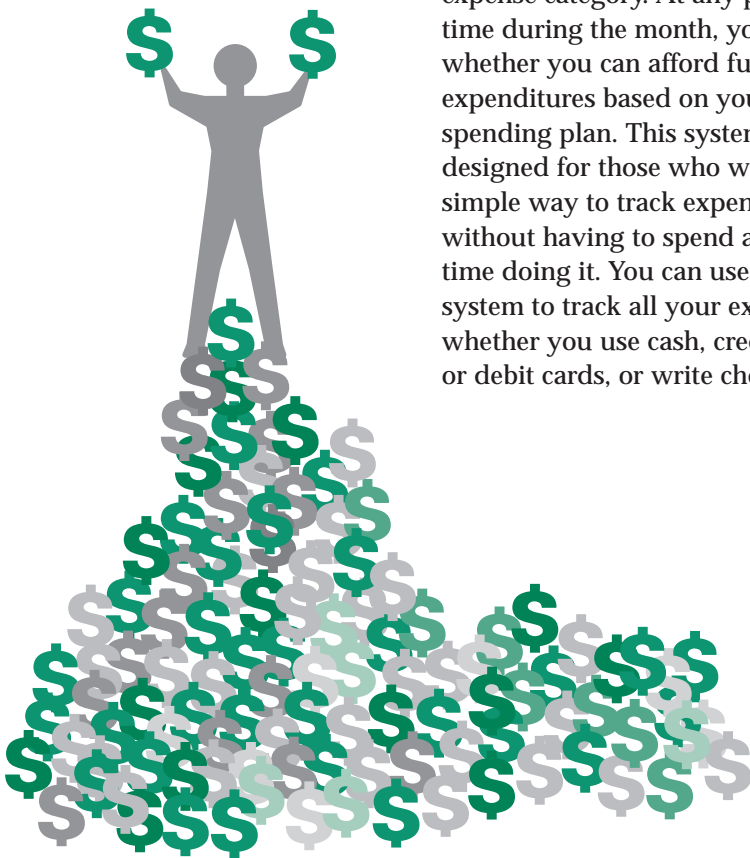
This publication describes a management technique that shows exactly how much you have spent or have left to spend for each expense category. At any point of time during the month, you can see whether you can afford further expenditures based on your spending plan. This system is designed for those who want a simple way to track expenses without having to spend a lot of time doing it. You can use the system to track all your expenses, whether you use cash, credit cards or debit cards, or write checks.

Determining expense categories

First, make a list of your basic expense categories, such as food, housing, transportation, clothing, personal care, medical and recreation. Limit your list to five or seven categories because of the size of the check register.

Second, determine how much you plan to spend each month in each category. Use your spending plan or budget if you have one. If not, you will need to estimate how much you typically spend in each category. Be sure that your estimates don't exceed your monthly income. After you've used the check register to track expenses for a couple of months, you'll have a more realistic idea of your spending habits.

For more information on how to set up a spending plan, contact your county UW-Extension office to borrow the videotape "Take Control of Your Spending." Also ask for *Taking Control of Your Spending* B3709-2, a publication that has worksheets to help you prepare a spending plan to meet your needs.



Entering cash and credit or debit card transactions

Remember to record your cash expenses in the appropriate columns as illustrated in example 3. Note that the cash expenses of \$3.75, \$24.00 and \$15.00 are circled. The amounts are not subtracted from the balance column because the \$50 cash withdrawal was recorded in a prior month.

If you use a debit card to make a purchase, record the amount in the expense column and circle it. Subtract the amount from your balance column to show that the money was withdrawn from your account.

Use a box to indicate credit card purchases, and enter them in the appropriate expense column. See the \$130 credit card charge for auto repairs in example 3. You can use a

“Credit Card Balance” column to keep a running total of your outstanding credit card balance. In example 3, the auto repair charge brings the total credit card charges to \$930. When you pay your credit card bill, record the check and subtract the amount from the checking balance. Subtract the payment amount from your credit card balance and adjust it for any finance charges that may have been added to your balance.

Example 2 — Recording checks, deposits and cash withdrawals

May										RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	Total budget	Food	Housing	Transport.	Clothing	Personal care	Med.	Recreation	BALANCE									
		\$1530.00	300.00	590.00	360.00	120.00	30.00	50.00	80.00		\$300.00								
496	5/1						-9.06				-9.06								
Discount store							20.94				290.94								
Deposit	5/11										1022.98								
											1313.92								
Cash withdrawal	5/15										-50.00								
											1263.92								

Example 3 — Circling a number denotes a cash expense; drawing a box denotes credit.

June										RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	Total budget	Food	Housing	Transport.	Clothing	Personal	Medical	Rec.	Credit card balance	BALANCE								
		\$1530.00	300.00	590.00	360.00	180.00		50.00	80.00	800.00		\$325.00							
Deposit	6/1											+1600.00							
												1925.00							
501 House payment	6/1			-550.00								-550.00							
				40.00								1375.00							
502 Groceries	6/2		-51.00									-51.00							
			74.00									1324.00							
Depart. store	6/4					-24.00													
						156.00						1324.00							
Clinic	6/5						-15.00												
							35.00					1324.00							
Auto repair	6/5				-130.00					+130.00									
					230.00					930.00		1324.00							
Restaurant			-3.75																
			70.25									1324.00							
503 Drug store	6/8		-25.68	-16.40		-18.42						-60.50							
			44.57	23.60		137.58						1263.50							

When it's time to move to a new page, you can apply new adhesive labels to the top of the page, or simply cut off the top portion of the page to expose the labeled categories on the first page. Draw the vertical lines between the columns on your new pages as you did before. Remember to record the amount remaining in each category from the previous page under appropriate columns.

At the end of the month, review your expenses and compare your totals with the budgeted amount for each column. For example, you may have money left in the housing category because of smaller energy bills in the summer — but you will probably need the “leftover” dollars during the winter months. Simply because there are dollars left in the balance column does not mean there are “extra” dollars to spend now. Those dollars need to be set aside so they will be available to meet your planned expenses later on. You may want to transfer this balance to an interest-bearing account for later use.

Starting a new month

When beginning a new month, again label the expense categories and, if necessary, draw vertical lines. Based on your experience, you may want to adjust your expense categories or budgeted amounts. For example, if you started with categories for personal care and clothing, you might decide to combine them into one. If you found your planned expenses were unrealistic, change allocated spending amounts.

Questions about the system

“What if I write one check for purchases that fall under several categories?”

Most computerized sales receipts from grocery or discount stores are itemized so you can easily break down your purchases into the appropriate categories. For example, check #503 in example 3 was written for \$60.50. However, the amount was divided among three categories: \$25.68 for food; \$16.40 for housing; and \$18.42 for clothing and personal care.

“Can my check register be used to record cash expenses?”

Use circles to record cash or debit card expenses. In example 3, note the circled numbers. There was a cash expense for lunch on June 5. It was subtracted from the food budget, leaving \$70.25 for the rest of the month. Other cash expenses included \$24.00 for clothing and \$15.00 for medical care.

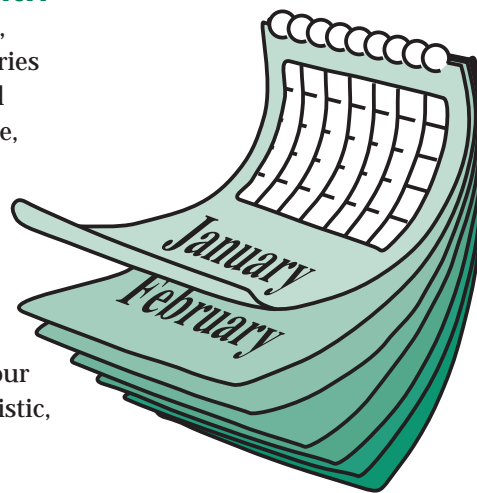
“How can a check register be used to record credit card expenses?”

When you charge a purchase, list the amount spent under the appropriate expense category, and use a box to show that it was a credit card transaction. You also may want to add a credit card balance column to your register to keep a running tally of your credit card balances. Then you will know how much you have charged during the month, and the arrival of the bill won't be a surprise.

In example 3, a car repair bill for \$130 was charged on a credit card, as indicated by the box. If the charge had been for a variety of items that fall under different categories, each amount would be listed under the appropriate column and boxed.

“What if I'd prefer to see how much I've spent instead of how much I have left?”

This system can be easily adapted to show how much you have spent in each category any time during the month. When you write a check or make a purchase, simply add the amount to the balance in the expense category instead of subtracting. Then compare the total to the budgeted amount to see where you stand.



Example 4 — Totaling expenses

October		RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	Food	Housing	Transport.	Clothing	Personal care	Med.	Recreation	BALANCE
	<i>Total budget</i>								\$1070.00
	\$1530.00	300.00	590.00	360.00	120.00	30.00	50.00	80.00	
809	10/11			10.50					-10.50
	Gas								1060.00
810	10/11		434.00						-434.00
	Mortgage								626.00
811	10/12			+12.75					-12.75
	Gas			23.25				613.25	
812	10/13		+12.95						-12.95
	Cable TV		446.95						600.30
813	10/14		+95.00						-95.00
	Utilities		541.95						505.30

In example 4, check #810 was written for \$434. Check #812 for \$12.95 was added to the mortgage payment for a total of \$446.95 spent for housing as of October 13.

Advantages

The check register system has many advantages:

- It's simple.
- It allows you to have information at your fingertips about your spending situation.
- It provides you with immediate decision-making opportunity — yes, we can afford to eat out, or no, we can't.
- It's compact — you can carry it with you at all times.
- It can easily be adapted to provide the kind of information you need to make decisions about your finances.

This tracking system also helps you evaluate your spending habits so you can more effectively manage your money and achieve your financial goals.

How to order your check register

To order *Check Register Tracking System* B3709-6, contact your county UW-Extension office or Cooperative Extension Publications at the address on the back page.

For more information

Other University of Wisconsin-Extension publications that will help you track and spend your money wisely:

Consumer Credit (Crédito al Consumidor):

Shopping for Consumer Credit NCR 606-1 (*Comparación de Precios de Crédito al Consumidor* NCR 606-1S)

When There's an Error on Your Credit Card Bill NCR 606-2 (*Qué Hacer Cuando Hay un Error en la Cuenta de su Tarjeta de Crédito* NCR 606-2S)

Your Credit Report NCR 606-3 (*Su Informe de Crédito* NCR 606-3S)

Investment Basics B3683

Money 2000 and Beyond:

Check Register Tracking System B3709-6

Use with this publication.

Organizing Your Financial Records B3709-1

Taking Control of Your Spending B3709-2

Tracking Your Spending B3709-3
Using Power Payments to Pay Off Debt B3709-4

Our Family Account Book B2372

Our Family Records B2369

Web sites — If you do not have Internet access, try your local library. Many libraries have computers linked to the World Wide Web.

Money 2000 & Beyond, UW-Extension Cooperative Extension:

<http://www.uwex.edu/ces/money2000>

Your Money Matters, Wisconsin Department of Financial Institutions:

<http://www.wdfi.org>



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Authors: Marsha A. Goetting, PhD, CFP, CFCS, extension family economics specialist, Montana State University-Bozeman; Judith Ward, former extension agent, Hill County, Montana; and Linda A. Boelter, CFP, professor and family resource management specialist, University of Wisconsin-Extension. Thanks to Montana State University Extension Service for permission to adapt and reprint this material. Produced by Cooperative Extension Publications, UW-Extension: Rhonda Lee, editor; Susan Anderson, designer.

Reviewers: Carolyn M. Krueger, family resource management specialist assistant, UW-Extension; Cynthia Needles Fletcher, associate professor and extension specialist, Department of Human Development and Family Studies, Iowa State University; and David Mancl, administrator, Division of Corporate and Consumer Services, Wisconsin Department of Financial Institutions.

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