



SPENDING

Try a Budget Sneak Attack

You know the drill: budgeting means carrying around a little notebook for a month and being aware of every penny and pack of gum. It's true, there are a variety of complicated and labor-intensive methods you could use to figure out how much you can spend each month. We'd like to suggest a different course. How about launching a sneak attack?

It's sneaky because instead of tracking in the moment, you look at last month. We'll assume that you weren't thinking about making a budget then; you want to see how you're really spending money—when no one is watching or tracking.

Gather records of all your spending for the prior month: bank statements, credit cards, online accounts, everything. Don't forget about any cash you kept in your wallet, and your regular expenses, like rent, power and phone service. You will want paycheck stubs for the last month, too, because there you will find your benefit contributions.

With all of the month's records in hand, look at each expenditure, decide on a category for it, and record it on a spreadsheet. Some of the broad categories will be: groceries, entertainment, housing, utilities, and clothing. Be sure to include a category for saving, perhaps even breaking it into long-term saving like retirement contributions, and short-term saving for an emergency fund.

Finally, do both a high-level and a close-up review of the numbers. Compare your income to the amount you're spending. Then, see if there are any obvious areas where you could make some



adjustments. Were you surprised to see how much you spent on clothing last month? If you ordinarily spend little on clothes from month to month, it's probably not something to worry about. But if you overspend on your wardrobe every month, and if your income doesn't support that, you may need to rein in your spending in that category.

Even if you don't see any glaring issues, challenge yourself to make small cuts. At the end of the month, use any savings to beef up your emergency fund. When you've had a few months of practice living a more financially-conscious life, you may feel more confident that it's time to put the extra money into your plan by increasing your retirement contributions.

If you go through this process every year, you may keep better control of your financial situation. Of course, it will be harder to sneak up on yourself each year, but don't let that stop you. Your efforts will be worth it.