

Tracking Spending

SAFA Financial Literacy Lesson

Why should you track your spending?

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Without tracking your spending, it is impossible for you to make a budget and follow it. Also, you can see which parts of your spending are unnecessary, and based on that, you can adjust your spending for the next month. It is useful to limit spending to fit your economic situation, and without tracking it, you cannot reach your goals.

Examples of Expenses

Rent

Electricity, Gas, and Utility bills

Clothing

Groceries

Transportation(Train, Bus, and gas for car)

Insurance

Etc.



Step 1: Noting your expenses

There are many ways to track how much you spend. One traditional but useful way is using a notebook. You simply can just note expenses and what they are for specifically. This is useful as writing down your expenses leads to you thinking about your expenses more and remembering it. Just by writing down your expenses, you will begin to understand whether some parts of your spending is necessary or not. Another way is an online budget app. Online budget apps are convenient, and you can record your expenses anywhere. If you just enter in the expenses, it will be very easy to look at them later.

Step 2: Evaluating your spending

Whatever way you chose to record your spending, you can look at when and how you are using your money. After looking at your spending, you can evaluate your budget and determine if it is too restrictive or if it is not restrictive enough. Also, you can see whether your spending is necessary or not.



How to apply these skills

The skill of tracking spending is crucial for maintaining a budget. The next part of this lesson will go over budgets. It is crucial to manage money spending for your own financial welfare.

