

Managing Your Finances

Lake/Citrus County Factsheet #FCSF2101

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Financial Organization

Being organized is essential to achieving financial success. Financial organization starts with dedicating a specific space in the home for taking care of your finances and securely storing records. Designating a specific area helps to keep things like bills or important papers from being misplaced. Next, label files so that they can be easily identified when needed. Lastly, develop an organizational system that works for you. This could be based on how frequently files are accessed or alphabetically.

Record Keeping

How you receive your bills, paper or electronic, will determine how much space you will need for keeping records. Additionally, to ensure bills are paid on time create a tracking system such as paper or electronic calendar reminders. Create a log for electronic bills that includes account numbers, user names, and passwords.

For reoccurring bills, create a guide you can refer to each month that includes when bills are due and the amount or average amount. Retain household bills for 1 year. Unless they are part of a tax return such as expenses for a home office.

For important documents such as birth and marriage certificates, divorce decrees, and adoption papers, keep 3 copies. Store them safely in different locations such as a fireproof box at home, a safety deposit box at a bank and with a trusted person.



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Creating Goals

Having money goals helps you make better decisions on how you use your money. Goals can be short or long term and can change overtime. When creating goals, try using the SMART method.

SMART goals are:

Specific – what do you want/what are you saving for?

Measurable – How much do you need to save and for what length of time?

Adaptable – If something happens, can you make changes?

Realistic – Is the goal achievable?

Time-bound – By what date will you achieve your goal?

SMART goals are like a road map for your money. It allows you to see where you are at and where you want to be.



Activity:

Let's practice writing smart goals below:

What do you want: _____

How much \$ do you need: _____

How long will it take: _____

By what date: _____

Try writing your own smart goal below:

I/we will _____

to _____

by _____.

Developing a Spending Plan

A written spending plan helps to keep you on track to reach your money goals. When developing a spending plan, start with identifying your monthly income such as wages, benefits, or retirement. Next, list your fixed expenses. Typically, these are the bills that are due monthly including housing and utilities. Then, list your flexible expenses. These are the expenses that may vary each month, like clothing, eating out and personal care. Then, list your occasional expenses. These are expenses that are only paid quarterly or once a year, such as subscriptions or auto renewal.

Next, total your fixed and flexible expenses. Finally, determine if your total income is enough to cover your total expenses. Subtract the total expenses from the total income. If there is a surplus, unspent money, use it to beef up savings or reach your goals quicker. If there is a deficit, income does not cover expenses, ask yourself where can you make changes? Review your expenses, determine needs vs. wants, and what can be reduced or cut.

It is helpful to track all of your expenses. Try this practice for a month or longer, write down all spending and maybe overtime just certain areas. Take note of any patterns in your spending and any impulse purchases you make. Make changes based on your needs and the financial goals you are trying to achieve.