

THE SPENDING GOAL APPROACH

Original concept by Fred Brown, <http://www.moneyandspirit.com>, used w/permission
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The basic idea: is to track your spending so you live within your means.
Here's how it works:

- 1) Take a note pad and write down your monthly spending **goal** based on your average monthly income. List this **goal** on the far right of note pad.
- 2) Subtract the money you spend each day during the month and try to stay within that goal. Your noted pad entries can look like:
Date: Expense: (what it was) Amount: (subtracted under **goal**).
- 3) Subtract any credit card purchases. When taking out cash from your accounts, either subtract this whole amount, or make sure to deduct all expenses paid for by cash.
- 4) Monitor the days left, and the remaining balance you have, as you go.

How to get started:

- 1) Subtract your fixed monthly costs from your expected monthly income. Note what you have left to spend in the month.

For example: Look at your monthly bills: rent, utilities, insurance, credit card charges you expect, etc. Add these up – this total is your fixed monthly expenses. Subtract this total from your monthly income. This is the balance you need to make last all month. Divide by 4 for your weekly plan or budget, if you'd like to go weekly.

FOR THOSE WITH VARIABLE INCOME: Try this approach week to week. Divide your fixed monthly expenses by 4 – let's call this QME (quarter of monthly expenses.) Subtract this amount from the amount you made last week. Then try to make the remainder last for the current week. Your income this week will go toward next week's spending plan/budget. Subtract the QME from this week's income, and make the balance last through next week. Alternately, estimate your income, using the lowest amount you expect to make. (Track your estimates against actual income.)

- 2) Look ahead for future monthly expenses that you know you will have and subtract these expenses. Eventually you can look at expenses beyond that and plan ahead.
- 3) Each week review how much you have left to spend to meet your monthly goal. Or your weekly or daily goal. Then manage accordingly.

As you keep tabs on your expenses, note your feelings and your challenges. You may want to keep a journal. Getting started is often hard, but each passing week gets easier. Some report that daily tracking can be very useful, and can even become a fun game after a while.

This approach helps you reduce your fears of managing money, and make better spending decisions. Over time you will gain the confidence you need to come to terms with any issues. Just getting control of your spending will empower you to take charge of your finances and your life! Let me know how it goes ~ **Denise Barnes**