

Getting and Staying Organized: Creating a Filing System

Financial Records Allow You To:

- Plan Your Budget
- Adjust Your Budget
- Stick To Your Budget



We just saw how establishing a realistic budget requires hard data about your expenses. It is important for you to keep financial records so you can use them to help you plan, adjust, and stick to your budget.

By studying records of your income and expenses, you will get to know yourself financially. In the presentation on values, you identified and set your financial goals and decided which were most important to you. With good financial records, you can compare what you want to do with your income and what you actually spend or save. You can control your spending in order to reach your goals.

When you make good recordkeeping a regular habit, you will be able to take control of your money. You can plan your spending so that you don't spend more than you make, and you can plan for vacations, major purchases, and long-term expenses, like education.

Getting Started



First, find a good place to keep your files. It doesn't have to be a filing cabinet. You can get a plastic filing crate at Walmart, Target, or any office store for relatively cheap. You can even use a cardboard box. It is not as important what you keep your records in as it is to keep your records in files and your files all in one place.

To be useful, your filing system needs to be organized, complete, and easy to use. Here are some suggestions for achieving these goals.

If you prefer, you can use the computer to keep records. Spreadsheet programs, like Microsoft Excel, are very effective for managing records and performing calculations. Instead of folders, you just enter data under columns or rows labeled for each of your categories.



When you get money or buy something, file your sales receipts, check stubs, and notes in the appropriate folders. If a receipt or check doesn't show what it was for, just write a note on it stating what you bought, then file it. If you don't get a receipt for a purchase, like something you bought from a vending machine, make a note of your spending and place it in the appropriate file. Save credit card statements and bank statements.

Be sure to file, or enter in the computer, each record as you receive it, or at least once a week. Your receipts and other records must be available when you do your budget. If you lose some of your records or forget where you spent your cash, your budget won't be as accurate or useful. If you use the computer for your recordkeeping, be sure to back up your files regularly!

Using Your Records



Actual Income
Total Expenses
Savings

At the end of the month, get out your records and your budget. Record your actual income, expenses, and savings next to the estimated amounts on your budget. Total your income and expenses and compare what you thought would happen with what actually happened. Then you can adjust your budget accordingly.

The more you do this, the more accurate your budget will be at predicting future expenses.