

# Daily Expense Tracker and Budget Instructions

## Spreadsheet Components:

- Budget Estimator Tab
- Sample Expense Tracker Tab
- Month-by-Month Expense Tracking Tabs
- Summary of Monthly Totals Tab

## Why:

In order to build an accurate budget that doesn't feel like it's controlling your life, you first need to understand where your money is going in the lifestyle you've come to enjoy. If you try to create a budget first and cram your financial life inside that hypothetical box, you'll encounter unexpected expenses that you didn't account for and before long, you'll get frustrated and ditch the entire plan. Once you get an accurate picture of your spending habits figured out, you can start to identify wasteful spending and places where you can painlessly make cuts. I strongly suggest living your life and recording every dollar you spend for at least a month or two before trying to set a budget that dictates your amount of spending. However, if you identify areas of wasteful spending along the way, eliminate them as soon as you can.

## Instructions:

- **Budget Estimator** – We already know we won't be accurate in our estimated budget expenses at the beginning of this process, but it's still a helpful exercise to go through our spending one category at a time to reflect on the commitments we have. Start by entering net income at the top, followed by giving and then proceed on down through the other categories. As you enter these expenses, the totals will be carried forward to the Expense Tracker pages for future use on the monthly tabs.
- **Sample Expense Tracker Tab** – This tab essentially serves as a Frequently Asked Question page for the monthly tabs of the Expense Tracker. You'll see that the Budget Estimator totals have come into this spreadsheet at the top. All category titles also relate back to the categories on the Budget Estimator. You should have a pretty good idea of what falls into each category by using the details on the Sample tab along with the itemized list on the Budget Estimator under each category heading.
- **Month-by-Month Tabs** – The rest of this spreadsheet can be used for an entire calendar year that starts over each year or as a rolling 12-month spreadsheet that always totals your most recent 12 months of spending. The spreadsheet is designed to show your spending on each day of the month under each category. Frequency of spending can be a good indicator of inefficient spending or lack of planning, which is why we like to see a month at a glance. I suggest developing a habit of getting receipts every time you spend money. That will help you when it comes to recording your expenses. If you go to more than one store in a day, simply enter the total in that cell.

## Helpful Hints:

- **Insert Comments** – If you right click on a cell, you can select "insert comment" to describe that entry. This is very helpful for large expenditures or items in the Miscellaneous category. Comments will help you remember the details of those expenses in a few months when you no longer remember what they were.
- **Enter Formulas** – If you're unfamiliar with Excel, you can have the spreadsheet do the math for you. To have it calculate totals, start by entering "=" before you enter the math formula and when you hit enter, it will show the total. For example, if you spent \$10 at one grocery store and \$15 at another on the same day, you can type "=10+15" in the cell and it will show \$25 after you hit enter.

- **Negative Entries** – If you return an item to the store or get reimbursed for a previously recorded expense, simply enter a negative number in the corresponding cell and it will adjust your spending in that category to reflect your actual expenditures.
- **Cash Category** – Since cash is so hard to track as we spend it a dollar here and there, we find it better to record it when you receive it and then not worry about recording it as you use it. An exception would be if you find yourself spending a lot of cash each month and feel a need to identify where it's going. In that case, you should attempt to record as much as you can in the appropriate columns and then reduce the amount recorded in the cash column since you have recorded that cash in a different column.
- **Don't forget to enter your income** – In the far right column of the spreadsheet is the income category. Don't forget to enter your net pay every time you receive compensation.
- **Editing the spreadsheet** – This spreadsheet has many linked formulas, so inserting additional columns or overriding formulas can make other parts of the sheet no longer work. We suggest using it as is. If you need to change a column heading to fit your spending, go to January and type over the current header and it will carry forward to the rest of the tabs.
- **Summary Tab** – This tab pulls together and summarizes the total amount spent by category for each of the 12 months. It uses a counting formula for each month you've recorded an expense to calculate the average monthly spending by category. You can then use the averages to reflect on your spending and help you create a budget that won't cramp your lifestyle. Note: Partial months can skew monthly averages, so you should consider erasing any partial months when you want to review average spending.

#### How to Use This Information:

Once you have enough data gathered, you should review your average spending by category on the Summary tab to determine where your spending is appropriate and where it is too high. If a category is higher than you feel it should be, go back to the Budget Estimator and enter the numbers you feel are appropriate. This will feed through to all the monthly tabs and give you a budget number at the top of the page to start using as a guide in future months. At the bottom of each monthly tab a formula will show you how much of your monthly budget amount is remaining at any given time. Start trying to not exceed the amount you have budgeted.

Here are a few other helpful thoughts on your budget:

- **Average spending is higher than average income** – This is a condition that can't continue. If you're consistently spending more than you make, you're either depleting your savings or taking on debt. Immediately find places to cut spending and take action.
- **I went over budget this month** – If you have a month that looks really bad, you need to determine why it looks bad. If you paid your car insurance for the year, you should expect for your spending in the Cars category to be over for the month. The same can be said for other large expenses where you were pre-paying for future months. These expenses will all average out over time and shouldn't alarm you.
- **I spend too much on groceries** – This is a common problem. I suggest looking at frequency of your trips to the store. If you're going to the grocery store 3 or more times a week, you should start planning your meals and grocery purchases more in advance. The more you go to the store, the more you'll spend.
- **I eat out too much** – My motto is to not eat out because of a lack of planning. Only eat out when you planned to eat out. That means that it's not okay to get to the end of the day and eat out because there's no food at home. That's a lack of planning. Plan your meals for the week at the beginning and know what you're eating for dinner the day before.
- **How to make cuts** – Start by looking for the least important expenses that show up on your Tracker and try to eliminate \$100/month. You won't miss the least important thing you have on your list and you'll have much better uses for that \$100.