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# Implementing and Monitoring Your Spending Plan

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# Implementing and Monitoring Your Spending Plan

## How do you implement your spending plan?

Once you have identified your budget goals and created a spending plan to meet them, you are ready to put your plan into action. Before you begin, though, here are some tips to avoid common mistakes.

- Involve the entire family. Implementing and monitoring your budget plan requires commitment as well as discipline from the entire family. Make sure that they are all in agreement and understand your plan. The better you all work as a team, the greater the chances for success.
- Remember that discipline does it. As with a diet, to get long-term benefits, your budget should become a way of life. Jot down all the expenses, item by item, day by day, in your diary. If you are using your computer, make sure you enter all the expenses at the end of the day or at the end of the week. Don't wait until the end of the month because, by then, you will have so many entries that you are likely to give up.
- Timing is everything. Start at a time when it is easy for you to follow and stay with a plan. For example, do not start a new budget just before holidays or your anniversary. Start at the beginning of the month, or, if possible, the beginning of the year.
- Easier is better. Keep monitoring simple. Divide your expenses into fixed, variable, and discretionary categories. Monitor your variable and discretionary expenses, such as clothing money or eating out, once you have assigned your fixed expenses.
- Use different credit cards. Track different categories by using different credit cards. Dedicate one credit card for groceries so that you don't need to write down your expenses every time you buy any groceries. Instead, your credit card statements will itemize your grocery expenses for you. Use an oil company card when you fill up your car's gas tank.

**Caution:** *If you're going to use multiple credit cards to help track your expenses, make sure that you aren't paying high annual fees for each of these cards.*

**Caution:** *Be careful not to fall into the trap of using credit to pay for everyday expenses and not paying off your outstanding balance each month. If you do this, it will seem like you are spending less, but your debt will continue to increase.*

- Find a system that works for you. Whatever works for you is good so develop a system that meets your lifestyle.
- Fine tune as you go. Keep in mind that implementing a spending plan requires fine tuning of your estimates and your expenses as you go along. You will get better as time progresses. Don't give up too quickly if you feel it is not working.

## How do you track your progress?

- Using a personal computer to monitor your spending plan--If you are using your personal computer and a money management program to monitor your spending plan, make sure that you feel comfortable using both before you start your plan. Enter all your data in the program and make sure that you assign proper categories for each expense. Make sure that you enter the amount that you have allowed to be spent under each category and keep a record of each expense as you go along. The benefit of using a computer is that it will track all the categories automatically. It can give you a report if you are overspending or underspending in each category.
- Manual monitoring of your spending plan--If you prefer to monitor your spending plan on a piece of paper, you can do that too. Just record every expense that you incur, just as you were doing while keeping your spending diary. It is crucial that you enter every expense according to the category. Keep a running total of each category as you go. For instance, if your spending plan is monthly, total each category every week to get a clear picture of how you should adjust your expenses. You can also keep separate envelopes for various categories. If you create a system that is easy to follow, you are more likely to stay with it for a longer period of time.

As you gain more experience monitoring your spending plan, you will almost surely develop methods to make it simpler. After a few months, you may choose to lump some categories together because you realize that you are able to estimate expenditures more easily.

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