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Where does your money go?

We have all asked ourselves this question – where does my money go each month? We know what our income is and what our fixed costs are and think we should have money left over each month instead of coming up short. The only way to find out is to track your expenses.

Tracking expenses helps you identify the extra things you're spending money on each month. Sometimes these perceived little extras, add up to big expenses. For example, instead of packing your lunch, you spend about \$7.00 five days a week and buy your lunch at work, which amounts to \$140 each month or \$1,680 each year you're spending on lunch. Bringing your lunch from home would result in a significant cost savings and would mean more money in your pocket at the end of the month.

Tracking your expenses for a month will also give you an accurate estimate on your variable expenses, like grocery and gas costs. If you're trying to stick to a monthly budget, your budget is only beneficial if your expenses are accurate. By tracking monthly expenses, you'll be able to better estimate how much you're spending on your variable expenses.

You can track your expenses several ways. One way is to carry with you a notebook and jot down everything you're spending money on. Another way is with an envelope. Ask for a receipt for all purchases and place the receipts in the envelope. Anything you don't get a receipt for, write down the purchase and the amount on the envelope. Total the receipts at the end of each week or at the end of the month.

While tracking expenses can seem like a tedious exercise, it will answer the question "where is my money going?" and it will most likely enlighten you on ways to spend your money differently.

Tips

April is Financial Literacy Education month and it's important to start teaching your kids about money at an early age. Here are tips to get the conversation started –

- If you give your child an allowance, educate them on the Spend Some, Save Some and Share Some philosophy, which is like an introduction to budgeting. Some of the money is there for them to spend, some of it they have to save and encourage them to share some by making a contribution to a nonprofit organization.
- Are you saving for a vacation or a particular household purchase? Include your children on the steps you're taking to save. Look for ways together the family can save money each month.
- Set a budget. If you're planning a particular activity, tell your child what the budget is for the event, like a trip to an amusement park. Share the amount you're willing to spend that day and keep track together so you don't go over budget.



Q: What impact do unpaid collection accounts have on my credit score?

A: The damage to your credit score occurs when the account goes into collections. However, ignoring unpaid collection accounts also keeps the good credit actions that you're taking from improving your credit score.

So, how should you handle unpaid collection accounts? Pay them off. To find out what type of accounts are on your credit report and if there is anything you need to handle, you first need to check your credit report. Go to www.annualcreditreport.com and obtain a free copy of your credit report. Your credit report will list the current payments you are making to creditors, like your mortgage, car loan or utility bills and it will also list accounts that have been charged off and sold to collection agencies.

The credit report will detail the contact information for the collection agency holding the account. Contact the collection agency and make arrangements to pay off the debt. Once the debt is paid in full, you should receive a letter or a receipt from the collection agency. Always retain the documentation that you paid the account. Typically, collection accounts remain on your credit report for seven years. However, in some instances, the agency will remove the account once the debt is paid if you request they do so.

Cleaning up unpaid collection accounts on your credit report will then allow positive information to outweigh the negative.

If you need assistance with understanding your credit report and information on how to improve it, consider an Advantage Credit Counseling Service, Inc. credit report review session. Call 1-888-511-2227 for more details and to schedule an appointment.

Cutting Grocery Costs

When tackling your monthly expenses and looking for ways to save extra money, one of the first places to start is with your grocery costs. Most of us can probably think of ways to save some extra money at the grocery store. You might be thinking: how much of an impact will saving extra money at the grocery store have on my monthly budget. Saving an extra \$20 per week amounts to over \$1,000 a year.

First, you need to give up store loyalty and shop where you can find the best price on the items you need. Most of us tend to shop at the chain grocery store closest to our home or work. However if we shop the sale ads and consider discount grocery stores, we will be able to see a reduction in our grocery bill. Discount grocery stores typically have better prices on produce as they only sell what's in season. You can also find generic versions of name brand products that cost substantially less.

If shopping at a discount store isn't for you, then you need to evaluate how you're shopping at the chain store. Are you buying only name brand items? Switch to the store brand and see what kind of impact that has on your grocery costs. Only buy name brand products if you have a coupon and even then confirm you'll be spending less than if you buy the store brand.

Do your own prep work. Buying items that are pre-washed, pre-cut and pre-prepared typically cost more than items that you have to do the prep work yourself. For example, typically a bag of pre-washed lettuce costs about \$3.00 when you can get a head of lettuce for under a \$1.00 and usually get more lettuce.

Plan your meals ahead. Take some time during the week or on the weekend to think about your family's schedule for the next week and figure out your meal plan. Typically, breakfast and lunches are easy to plan ahead for. Dinner can be more challenging. Pick

out several recipes you want to make for dinner and buy the ingredients to make them. Planning dinners ahead will help keep you from stopping at the store after work or during the day trying to figure out what's for dinner and it will help keep you from ordering take out or fast food at the last minute because you're unsure what to cook. Extra trips to the grocery store during the week can typically cost about \$40 a pop. Shop once a week and keep your grocery costs down.

Plan a night for leftovers or take the leftovers for lunch. This will keep you from wasting anything you've already cooked.

Consider making meals in advance. Take some time on the weekend or a free evening and make some of your meals for the week ahead of time. This makes your week much less stressful and also keeps you on track with your planned meals. Maybe you can't make the entire meal ahead of time, but look at the recipe and see what you can prepare. You might be able to cut the veggies or bake the chicken. While you're cooking ahead see if the recipe and your supplies lends itself to making an extra casserole to freeze for particularly busy weeks or weekends.

Now that spring is finally here, start thinking about planting a garden. If you use a lot of produce in your house, just think how much you could save by eliminating produce from your grocery list. Plant enough vegetables that maybe you could can some for the winter months. Think about the produce you buy now and build your garden with those plants.

Examine your grocery costs over the past three months. If you haven't been tracking your expenses, check bank statements for your trips to the store. Figure out exactly how much you have been spending and set a goal for how much you want to reduce that by. Stick to it and keep that number in your mind as you shop.

Did you Know?

There's a new program for unbanked residents of Allegheny County, Pennsylvania. Advantage CCS is one of the community partners joining with the Urban League of Greater Pittsburgh to connect the unbanked and underbanked in Allegheny County with financial institutions and banking products through **Bank on Greater Pittsburgh**. Unbanked or underbanked consumers pay approximately \$40,000 over the course of their working life in unnecessary fees. Establishing checking and savings accounts are among the first steps in planning for the future and improving financial stability. For more information go to the website www.bankongreaterpittsburgh.org or contact Heather Murray at 412-390-1300 ext. 191.

The Advantage Challenge

Advantage CCS challenges you to ...track your monthly expenses. Notate how and where you're spending your money. Keep track in a notebook or retain receipts for all of your purchases. At the month's end, do an analysis and see where your money is going. Share your results with us. Email hmurray@advantageccs.org.

Advantage

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