



# How to Strengthen Your Money Management Skills

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It's always a good idea to tweak and reevaluate your money management skills. The world of money can be a huge task to manage which can get overwhelming at times. However, ***with clear goals and careful calculations, you can adopt a manageable system that works well for you.***

**Follow these tips to strengthen your money management skills:**

- 1. Tweak your tracking system.** You probably already track your spending to some degree, but it would be helpful to see what it's like when you track *all* of your spending. Try doing this for at least a week. ***When you see all of your expenses written out, you'll be able to clearly see what's necessary and what's not.*** You can then decide to spend your money differently based on your current spending habits.
- 2. Consider your savings.** 401Ks and other tax-advantaged retirement plans are a good option for saving money long-term. On the other side, it's important to have money in a regular savings account that you can access regularly for surprise expenses, like car or home repairs.
- 3. Determine your needs and wants.** If cutting back drastically is a necessity to you at this time, look at your monthly expenses in detail. Make a two-column list and divide your expenses into *needs* and *wants*, then eliminate as many items from the "*wants*" category.
- 4. Set realistic goals.** It's important to be realistic when setting out new money management goals for yourself. ***You shouldn't do anything too drastic too quickly.*** It's always best to take on changes in stages and ease into new situations. You'll avoid shock this way.

**5. Give yourself an allowance.** If you tell yourself you can't spend *any* money, you'll get frustrated and you'll be more likely to revert back to old habits. Instead, give yourself a monthly allowance. Tell yourself that you can spend \$50 to \$100 each month on the things you enjoy. You'll have some fun and save money at the same time.

### **When You Want To Change**

The trick to strengthening your money management skills lies in your drive to change. People usually run into trouble when they want to save money but are unwilling to live a different lifestyle.

Realize that you can shift your lifestyle without it being a burden. When you start slow and make small changes, you allow yourself the time and opportunity to create positive new habits.

For example, you can start with your grocery bill. Decide if there are certain expensive foods that you can skip. Tell yourself that you can treat yourself to them whenever they go on sale. This way you'll still indulge yourself every now and then, but you'll be saving money.

### **Long Term Goals**

***It's always a good idea to keep your eyes on your long-term goals.*** Where do you want to be next year, in 5 years, and in 10 years? Make an attainable action plan with your finances that will get you there.

When you keep your goals in mind, you maintain a drive that also enables you to enjoy the journey. These strategies will help you bolster your money management skills so you can soon enjoy your life without the financial stress!