

Measuring the Success of Your Spending Plan

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In many of these columns, because the strategy is so significant in my work, I encourage almost everyone who spends money to have a plan. Everyone even includes a child with a birthday gift of money – hopefully their plan calls for saving half the money!

One strategy that I have not talked much about is recognizing the indicators of a successful spending plan. The most obvious indicator may be having money left at the end of the month. That is true, but there are more to consider.

If you use a spending plan, you are likely involved in accomplishing many money tasks. You have set *some goals* for your money – focused on the important things and/or some ways to increase income or decrease expenses. You plan spending by *tracking expenditures* through cash recordings, checkbook registers, and or review of credit purchases. At the end of the month, you always compare income and expenses for that monthly period.

Probably the most important indicator of spending plan success is that you *save some money* each month. Your savings portfolio is diverse -- for emergencies, family goals, and long term needs including retirement, college educations, etc. I never say how much to save – that depends on income and expenses. Save some money every month for short and long term spending.

Using a spending plan wisely means *paying bills on time and staying within the limits* of planned spending amounts. You did not over draw the bank account. You were able to pay a credit card balance. These strategies are measures of affordability – you know what you can afford and you make the most of your available money.

In most households you will find the organized and the unorganized. Hopefully the organized of your household are those *keeping track* of financial mail, paperwork, records – a critical indicator of spending plans success. People ask: what kind of home filing system should I have for all the paper? There are many systems, choose one to fit your needs. The system you choose should allow for the safe keeping and timely retrieval of all-important financial documents; maintain records likely needed for future reference; and protect documents costly to replace.

My final indicator, you are *helping everyone* in the household learn and practice money management skills given their level of understanding and ability. The home continues to influence what people learn and how they practice money management – the positive and the negative skills! Hopefully, the skills learned in your household will be on the positive side!

Success at managing money is never about how much money you have, but rather how you handle or manage the money you have available. Live by that principle as well as the indicators of spending plans success and you will surely insure your secure financial future!

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