Organizing Expenses

Know Your Basic Numbers

Go through each expense and assign it to a category, splitting between the two columns "necessary" and "optional."

Category	Neccessary	Optional
1. **Housing** (rent/mortgage/insurance/maintenance costs/purchases such as furniture, dishes, etc.); include utilities (gas, oil, electric, trash)		
2. **Phone, TV, Internet, cable**, etc.		
3. **Healthcare** (insurance premiums/out-of-pocket costs/deductibles, prescriptions, drug costs, physical therapy, etc.)		
4. **Food at home**—groceries (do not include nonperishables like cleaning supplies)		
5. **Food outside the home** (everything from coffee to takeout to restaurants)		
6. **Childcare** (sitters, daycare, preschool, camp, gym nursery, etc.)		
7. **Clothing** (both for yourself and your children)		
8. **Entertainment** (subscription services, games, music, cable, movies, museums, etc.; I put alcohol in this category)		
9. **Transportation** (car payments and expenses, insurance, public transportation, tolls, rideshares, etc.)		
10. **Education** (tuition, supplies, school trip fees, technology, etc.)		
11. **Debt repayment** (the minimum owed is "necessary"; extra payments are "optional")		
12. **Other** (everything else)		

No Idea

You may have a large category called "other," where expenses don't fit into a category or represent cash withdrawals for which you don't have an explanation. Peer-to-peer transfers like Venmo are usually a big reason for that. Going forward, try to make it a practice to note what the transfer is for.

If you prefer using a budget software app like You Need a Budget (YNAB.com), this integrates Venmo transactions, but you will still need to record a description for it to go into a spending category.

Find your last statements from debt that you owe, like credit cards and student loans. Put the minimum amount due each month into the "debt repayment" category and "necessary" column.

- If the expense is an annual expense like car insurance, divide by twelve to see its monthly cost.
- If the expense is quarterly, such as oil changes or property taxes, divide by three (because three months are in a calendar quarter) for the same reason, to get the monthly cost.

This is between you and the piece of paper. We all have expenses. You aren't unique, and I can guarantee that as bad as you think your finances are, I've seen worse. Anyway, you aren't going to show me your results.