



Smart Money Diva Training Series and Inner Circle Training Program

Training Call 6

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Call Transcripts

Getting Connected to Your Money:

The Benefits of Tracking

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Welcome to the call everyone! This is Maureen Campaiola and our call today is the fifth call for our Money Breakthrough Inner Circle Training Members and the fifth Smart Money Diva Training Call in the Series.

We have a really great call in store today with lots of content so get ready to take lots of notes. There are no handouts for today's call so don't look for them in the archive section on the site.

I ask and appreciate that you do not share this material with anyone. It's intended for you, the program participant and not for others who may need this help but haven't signed up for the program.

Our training today is ***Getting Connected to Your Money: The Benefits of Tracking.***

Before we move into the content, and there's a lot of content to cover today I want to take care of some quick announcements first.

Our next call is for our Inner Circle Training Members only and is the open Q & A call. This call is scheduled for Tuesday, August 21, 2012. This call is open to help you with any questions about any of the material we have covered to date or if you have a burning money question or issue that you would like to get coaching on. Our last call we didn't have any participants and therefore there isn't a link to that call for you to listen.

I highly recommend you come to these calls live because it is a fabulous way for you to get coaching from me personally. This type of coaching will really accelerate your learning and your progress as you move through the program and begin to dig deeper and deeper into your financial situation. So please come to the call live if you can. This is a great benefit to you as an Inner Circle Training Member. I really want to be able to help you in any way possible but if you don't come to the Q & A call I can't do that so please try to be there or if you can't but have a question send me the question and I will record the answer and send you all the link.

Another benefit for Inner Circle Members is a special private coaching rate that I've created just for you. If at any time you feel you would like to speak with me privately for a money breakthrough session just email my assistant Lisa she will set up a time to speak with you at the rate I've

created just for members. You can email her at Lisa@BreakThroughYourMoneyBS.com.

Our next training call is Thursday, September 6, 2012 at 7PM **Creating Your Personal Plan**

You've heard me say before that money isn't a set in and forget it relationship. What you will be learning here tonight is just the next step in your money training. I want you to think about it like the layers of an onion. We've been peeling the layers, right? As you peel away each layer you go deeper and deeper with your evolution; you move closer and closer toward the core of the issue. That's what happened for me and it will happen for you too if you continue to do the work and consciously think about your money differently.

How's it going with your money journal? Are you reflecting and writing in your journal? I hope so.

Finally, you will be sent the downloadable transcript of this call along with the MP3 file for your records. This way you can refer to them whenever you feel you need a refresher or just want to look something up.

Ok, let's get started with our content!

Have you ever wondered why casinos have you turn your cash into chips in order to play the games? Well, it has to do with helping you get disconnected with your money. That's right disconnected.

The casinos understand that if you were allowed to play poker or blackjack with cash instead of chips you'd play a lot differently. You'd be more cautious and use more restraint.

But when money is converted to colorful playing chips you are more easily detached from its value. And that's what the casinos are betting on. The chips become "play" money which makes it easier to throw out another blue, red or green chip. Add some booze and you are exactly where they want you to be – in a financial fog where money is no longer money at all.

So what is does a financial fog look like? Are only casino dwellers capable of this fog or can we all fall victim to it?

Here are a few clues to see if you have ever lived or are currently living in a financial fog:

1. Do you open up your credit card statements and gasp at the total because it's multiple times more than you thought it would be?
2. If I were to ask you how much money you had in your savings and checking account you would not be able to tell me the amount of money.
3. Same for your retirement accounts.
4. Does cash seem to just disappear causing you to stop at the ATM frequently throughout the week?
5. Do you have a hard time remembering to document in your ledger your ATM withdrawals, automatic payments, debit card transactions and the like?

If you answered YES to any of these questions I am here to tell you are in a money fog. And, if you answered YES to several you are heading for a coma!

Our modern life makes it really easy to fall into a financial fog. We use credit cards and debit cards as if they were those poker chips in the casino rather than paying with cash for our purchases. As a result we drift further and further away from the consequences of our spending. The consequence: we will have less money after we make the purchase than before. The use of credit cards and debit cards shields us from that reality and continues the vicious cycle of the fog.

Other ways we enter the fog:

1. We order online
2. We buy with easy payment plans that let us break down this huge expenditure into teeny tiny payments that make it easier to swallow.
3. We head the ATM frequently
4. Ignoring your bills
5. And countless other ways

Living in a financial fog makes it difficult to see our financial life very clearly. Because you're not paying attention to your money, your money problems can seem like a huge and scary situation that grows scarier each day.

Now, the thought of getting a clear picture of your financial situation may at first seem scarier than ever, but until you are willing to come out of the fog and look at them in the sun they will inevitably only get worse.

Remember several calls back when I talked about fear? That fear is just an emotion and it's not the truth necessarily about anything? But fear can make your financial situation seem worse and stop you from taking action which will ultimately keep your financial situation in a bad state. The good news is once you face your fears and see your financial situation with clarity, you can begin to take the necessary action to change your circumstances thus reducing the fear, anxiety, and other terrible emotions that come along with ignoring your money.

So let's talk about tracking the ins and outs of income and expenses.

Money needs to be paid attention to. Actually, money demands to be paid attention to. It will always get your attention. You have the choice and the power of whether it gets your attention in a positive way or in a way that is not productive and is more sabotaging or destructive. That's your choice. That's each of our choices. I'm a big fan of paying attention to money in a positive way.

One of the most important weapons you have to help clean up your financial situation is tracking. Simply put, tracking involves noting all the money that comes in and goes out of your life and pocketbook/bank account.

Every time you spend or receive money you will write it down whether or not it comes or goes in the form of cash, check, debit, paypal, etc. For all income you should record where the money came from and the amount. For expenses you'll need to record three things: the amount, to whom you're paying the money and for what it was spent.

So, let's review tracking income daily. You have that Income Tracking sheet. I've already trained you on it. You were trained on this in the very first call we ever did. So if you are not tracking your income please go back to the first lesson and re-read or re-listen to the recording and learn the specifics about this issue.

I'm going to talk a little more about tracking income now too.

Making the commit to track your income is going to shift the energy for you. It's really incredible when people start tracking their income how much their income increases. I've seen it time and time again.

Tracking is really simple. You can do it with paper and pen but I have a handy tracking form you can fill out.

Each day put in the number next to the corresponding day for the total money received for that day. Include everything and money from all sources. If you're married or live with a domestic partner include their income or money as well. Include money that comes in from rebates, birthdays, wages, business income. It all counts. You can list next to each day all the sources of money so you can visually see where the money is coming from.

That visual can be really powerful when you take a step back and look at a few months of data. Particularly if you have a business's it's a great way to see where your making the most money and how best to change your marketing or where you put your focus.

There's a Money Breakthrough Action and Accountability form. It's three pages. I'm going to go through what the steps are and give you some tips and points.

Then I'm going to teach you about my bucket. I like the word "bucket." I'm going to talk to you about my savings bucket. We have a form for how you want to bucketize your savings account, which is a word I'm not sure will translate into other languages. Those of you who are bilingual will figure that out. I'll also show you expense tracking.

Daily, on the chart are four things. Let's go through them now.

You'll see that it says "Track Income." It has Monday through Sunday across the top. This is a document that you would use yourself. They can just check off, "Monday, I did it. Tuesday, I did it. Wednesday, I did it."

Second, track expenses daily. I track every penny that comes in the door and every penny that goes out the door. I have done that religiously since probably 2000. It's right around that timeframe. I don't remember exactly.

The method I use for tracking expenses today is different than it was 10 or 12 years ago. We use QuickBooks now. My bookkeeper does it. I'm going to give you a manual method that's super simple, and I'll give you a hint and some tips on it in just a minute.

You'll see on the daily checklist that it says, "Track Expenses by Category." Let me explain what this is. Tracking expenses is not necessarily anybody's fun thing to do.

By the way, if you notice, I never use the word "budget." I'm not a budgeter, actually. That's kind of like going on a diet, and we know how much people love that.

What I have found to be much more successful is, instead of trying to stick to a budget, instead watch where the money is going. What's coming in? What's going out? A very simple way to do that is to have some basic categories.

For those of you who are into QuickBooks and all that or have a bookkeeper, that's great. I'm presenting this to you in a very simple way so you can get started even if you don't use Quickbooks.

Actually, I'm going to skip this and come back to it at the end. Let's go on with the daily steps.

Then I'll come back to show you how to use the Expense Tracking form.

Third, keep your checkbook current with deposits and withdrawals. People get themselves into trouble because they write checks and don't do the math. They don't subtract that check from the balance. They eyeball it or don't look at it.

A lot of people have a lot of denial when it comes to money. Then they end up bouncing checks because they're not paying attention. They don't have enough of a cushion in there anyway.

That's why you keep your checkbook current.

This is not balancing your checkbook. Balancing is a different action. It's just keeping it current. It's having a running total.

Here's the fourth one. I love this one. Make a gratitude deposit into your self-worth account. I realize I might need to make a form for this. I did make a form and it's in the archive.

What you're going to do is at the end of each day or at the beginning, there's a sentence starter which goes like this. "Today I feel rich because _____." You're going to fill it in five times.

Today I feel rich because I had a breakfast with two of my girlfriends. Today I feel rich because they were so incredibly generous to me and bought me breakfast. Today I feel rich because I had great success with a client today. Today I feel rich because I'm alive, well, breathing and happy. Today I feel rich because I have the love of my family. My daughter told me, "I love you," first thing in the morning.

Whatever it is, why is it that you feel rich? Fill that out five times.

Let's go on to the weekly tracking. It's on the same sheet. Once per week, I recommend that two things happen. First, all of the bills that have come in for that week get reviewed for accuracy. I'm always shocked at how often people pay more on a bill than they should because they simply don't look at it.

This is a form of denial, by the way. If somebody has that happen, especially if it happens more than once, that's somebody who has major denial happening with money, and they have a hard time holding on to money.

Reviewing bills for accuracy used to always be me, but now I have a bookkeeper who does this for most of the bills. I still look at the bills. I look at the water bill and phone bill and notice. Has it jumped up? Why did it jump up? What's going on?

At this point in my life, I still research that for me, but you have to look at your bills. They make mistakes. The phone company is notorious for making mistakes. That is your money.

Don't let other people spend your money without your permission or approval. That one I would write down. Not reviewing your bills for accuracy is a form of giving permission for people to spend your money without your approval.

Review your bills for accuracy. Then pay your bills once a week. I realize that a fair amount of you are going to have a little meltdown with what I just

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said. "That's too much!" You're going to have all these reasons why. Most people will have a gigantic consciousness shift around money if they pay their bills weekly.

Some people say, "Why should I pay this? The bill just came in. it's not due for two or three weeks. Why should I pay it this week?" Some of this is your own cash flow management, but when someone says, "Why should I pay it today? It's not due for three weeks," initially, that is the mindset of someone who does not create a lot of income for themselves.

What they're doing with that money instead is probably not income-producing. It's not like they're taking that money and leaving it in a savings account for two weeks to earn extra interest. They're not doing something to create income. They're just delaying paying an expense that was already incurred.

When a bill comes in, it's actually a mini short-term loan. It's a debt. Bills that come in are debts.

This is a service. It's something that you agreed to purchase, like your house payment or electric bill. Now it's time to pay it. For most bills, you're paying for the service consumed. You're not paying ahead.

I realize this is a little subtle, but it is a form of debt. I'm someone who loves to live debt free. I have no debt, except for my house, and I'm working on that actively.

I've been there plenty of times, having to juggle, manage and really watch cash flow from that perspective because I didn't always have the money to pay all the bills. It's okay if that's where you are right now, but that is not the place you want to consider "normal." You don't want to stay in that place.

It is so much nicer and freer to be in a place where the bills come in for that week, and they all get paid. Whatever comes in that week gets paid. It's done. You're clean.

I want you to work toward that. You may not, at first, be able to pay every bill that comes in that same week. It may be a goal that takes a little time to work toward, but I want you to hold that as your goal and start doing this as best you can.

You'll see that this is one document that has three sheets of paper. Let's go on to the second sheet, which is twice a month. Twice a month, you're going to do two things.

I love this. You're going to have your personal payday, which means you're going to pay yourself.

Let's talk about your personal payday for a moment. If you are not used to paying yourself on a regular basis, this is going to be new. This is one of the times when the amount doesn't matter. I actually don't care about the amount. I care about the action. I want you to have the experience of paying yourself twice a month.

Most of you on this call are working for yourselves. What do I mean by paying yourself? If you're working for yourself, that means writing yourself a check.

If your business is incorporated, the only way you can take money legally out of the business is through payroll, by paying yourself as an employee. You are an employee of the corporation. Not everybody is a corporation. A lot of people are just sole proprietors, so all the money is yours.

It may sound silly, but trust me, over time this is going to make a difference for you. Write a check from your business checking account, and deposit it into your personal checking or savings account. Again, the amount doesn't matter. I don't care if it's \$5. Granted, I would love it if it was more, but I want the action.

Many of you aren't used to doing this. This is not something you think of doing. This is what most people do instead. Money comes in, they pay their bills, and whatever is left over is what they get, if there is anything left over.

This is a perfect opportunity to show how this works. I spoke earlier about how many people are very passive or reactive to money. They don't make it happen. It happens to them. This is changing that for you.

I'm going to give you a formula in just a second so you will know how much. People say, "I don't know how much to pay myself, Maureen. It depends on how much my bills are and what's left. I don't always have anything left." That is a very passive or reactive approach. I want to flip that around for you to the total opposite by 180 degrees.

I want you to say, "Every two weeks, I pay myself X amount of money. If there is more, I'll give myself a bonus." You will have a least amount of money you have predetermined you are going to pay yourself. Then you will periodically give yourself a raise.

By the way, the reason also I want you to pay yourself is because one of the ways to create more money is to feel like you have more money.

People get a false sense of this by spending money and putting stuff on their credit cards. They feel momentarily like they're rich and have money. That's a withdrawal from your self-worth account. You all know that now. It's false. It's fake.

I want you to feel like you have money. Again, I don't care what the amount is. If it's \$5 or \$10, feel good about it, bless it, and say, "Wow! This is different. I've never written myself a paycheck." Then you'll look at it and say, "I want it to be \$100. I want it to be \$1,000. I want it to be \$10,000. I want it to be \$100,000." Over time, building up, you can do this with this practice. The way you're going to calculate a minimum to pay yourself is through a couple of things.

This is going to sound totally contrary. I want you to first decide what you want to pay yourself, whatever that amount is. Write it down. Please do it in this sequence.

Then I want you to add up all of the expenses, on average, that you have for the month. Add in that dollar amount that you want to pay yourself twice a month.

Make sure you do your math right. Let's say you want to pay yourself \$5,000 a month. That used to always be my number. That's what I made as a salary for many years, so I got kind of hooked on that number. That would be \$2,500 every two weeks or twice a month.

Add up all your monthly expenses. Then add in \$5,000. See where you are. See what that adds up to. Maybe there's plenty for you to be able to do that, and maybe not. If not, then you have some decisions to make.

Do you hear, in the making of the decisions, how proactive you're being? You're not letting stuff just happen to you, and you're not settling for what's left over.

You have a choice then. Do you want to reduce expenses? How can you create more income? Set it as a goal. If your goal is \$5,000 a month and right now you can only do \$2,000 a month, that's not a problem. Do the \$2,000. Write yourself a check twice a month for \$1,000 each time, and say, "I'm going to get to \$5,000. What do I need to do to make that happen? How can I create that?"

Do you see how empowering that is? You may not have it today, but you will have it. I promise you that.

The point is that you can't just take what's left. You won't feel like you ever have any money. A person will feel poor following that, or they'll feel like they have just enough. That's not why you're on this call with me today. You don't want to feel like that.

This is the other piece of paying yourself, and this is the second line item. Twice a month, there are only two things you do. You pay yourself. That's your personal payday. Then you pay your savings account. You bucketize that deposit. I'm going to talk about that in just a little bit. I want to go through all these steps first.

Let's say you're paying yourself twice a month, \$1,000 each time, so that's \$2,000. Of that \$2,000, you're going to take a portion and put it into your savings account.

How much should you do? It's really up to you. You can probably do 20% pretty easily. I read this in a great book a long time ago called *Your Money or Your Life* by Joe Dominguez and Vicki Robin.

They talked about how people can, generally speaking, take 20% of their income, set it aside, and not really feel the difference. That's where that money comes from. I really believe it. Of course, I like to push it to see if I can make it higher.

You're going to take 20% and set it aside, at a minimum, into your savings account. Twice a month, you have your personal payday and pay your savings account.

Let's go through monthly. Monthly, you're kind of wrapping things up. I love the end of the month because I can't wait to do these activities. It takes so little time. It takes almost nothing. You're wrapping things up.

You'll see on here that you tally the total income for the month and balance your checkbook. That may not happen on the 30th or 31st. It may happen a week later because you're waiting for your bank statement to come, although truthfully you can get online to download your bank statement and balance your checkbook.

If you are somebody who has not balanced your checkbook and that's difficult for you, have somebody help you with that or pay them to do it. Not doing it at all is not a choice. That's denial. It's not understanding where your money is.

I used to do this myself. I have to be honest with you. I never liked doing it. It's not a task that I thoroughly enjoyed, believe me, but I did do it every single month for years.

The other thing you're going to do monthly is update the Debt Power Payoff Chart. If you have debt, that's a chart you fill in once a month. You're coloring in from the bottom up how much you've paid off. Woohoo! I get so excited about that.

The other thing you're doing is reviewing expenses by category. I'll explain that in just a moment. That's where you look and say, "For the month, total, how much did I spend on clothes? How much did I spend on entertainment or dining out? How much did I spend on medical or groceries?"

I'm going to tell you an interesting story about this in just a moment. There are two more things to do monthly. Monthly is the biggest one, actually.

Review your credit card statement. Paying bills is always very time-consuming, so I try to make it where it's as easy as possible. I have a lot set up as automatic deductions from our checking account and automatic bill pay types of things. I still look at the bill. I still make certain how much it was for and if it got paid on time.

I put everything on one credit card because we get air miles, which is great. When that credit card statement comes in, I review every single item.

If something looks out of synch, I circle it and put a question mark on it. Either I research it or typically I have my bookkeeper, find out if it is accurate. Was that a legitimate charge?

Most of the time, it is. However, two things happen by reviewing it.

First, you will find mistakes. I found a \$500 mistake for a piece of furniture that arrived broken and was returned. They replaced it, but they hadn't properly credited me. That was huge. I caught it because I looked at the bill and said, "What's this?"

If I return something that's broken, damaged or whatever, I have a separate folder where I put that. Every month, either my bookkeeper or I check to see if we were properly credited for things that were returned. Again, that's money.

There is another thing that will happen for you in reviewing your credit card statement for accuracy. If something doesn't pop out at you as to what that charge was for, why did you spend the money in the first place?

Sometimes it's necessary. Sometimes things show up on the credit card under a different billing name than you anticipated, which happens for us frequently, and that's legitimate. By circling and questioning it, it will cause you to question, "Do I really need to spend that money? Is that something I'm valuing?"

This is the last thing monthly. We created something called your self-worth account. It's just a simple tracking sheet. I thought this was such a great idea.

Every time you do one of these four daily actions or two weekly actions, you are making a deposit into your self-worth account. You want to add the deposit. If you did all four of your daily accountability steps, write in the date and the number "4" in the total column of the sheet we made for your self-worth account deposit. It feels good.

The thing with money is that it is something I take totally seriously, but I also have a lot of fun with it. I play with it. It's fun. It's like a game. Let's make it joyful.

Monthly, you're going to total up self-worth account deposits. They're like self-worth account dollars. How many self-worth dollars did you add to your self-worth account?

Celebrate by doing something nice for yourself. This is not real money we're talking about, but do something nice. Take a hot bubble bath. Buy yourself a little treat. My treat years ago used to be books because I'm such an avid reader or purchasing music. Do something nice for yourself.

Treat yourself to a really silly chick flick movie or whatever you want to do.

Just to finish up here, quarterly, what you want to do is three things. Since we're talking about expenses, you're going to re-evaluate your expenses.

Every quarter, I would ask you to eliminate at least one expense, and you could probably eliminate more than that, based on where you are at that time. Based on your current values and standards and what you think is a necessity, you can eliminate something.

Again, it's shocking what people, especially people without money, are paying for that they're not really valuing. They don't really look at it. People without money have a lot of denial about money.

You're evaluating your expenses and eliminating one thing. You're also calculating your current mindset around money. This is the money speedometer. I don't believe I have trained you on this yet, so I'm going to right now. It's extremely simple. I'll do this really quickly.

Your money speedometer is the dollar amount that you're unconsciously comfortable creating in your life.

It's just like putting a car on cruise control. You set that speed. I always say 55. That's the common speed limit. When the car starts going up a hill and starts to lag, the cruise control kicks in and says, "We can't lag. Let me give you some gas to accelerate you so you will maintain 55."

Likewise, when the car is going down a hill, it wants to naturally accelerate. The cruise control kicks in and says, "I don't want you to accelerate. Let me apply the brakes to maintain 55."

The same thing is happening with each of us, myself included, with money. Internally, subconsciously, we have a dollar amount that we have decided is our internal cruise control amount. That's what we've set our money speedometer to.

Even though we may be out in the world saying, "I need more money. I want to make more money. I'd like to make more money. I wish I had more money," we can say that until we're blue in the face, but if we don't understand the dollar amount that our internal cruise control is set to and how to increase it, it's never going to happen.

What happens for people is that they start to lag and not make enough money. Then depending on their tolerance level, they'll go up here to "Time" and kick themselves in the butt to make some more money because it gets to a place where their unconscious is no longer comfortable.

Likewise, and this is what I find fascinating, as people's income accelerates, their unconscious will only allow them to accelerate to a certain point before it's too uncomfortable and says no.

It puts the brakes on through self-sabotage. It does that by creating situations or circumstances that look on the outside like the person has no control over them, but I don't buy it. I believe they have manifested this. Their car breaks. They have an unexpected house repair. There is a tax bill they hadn't planned on. Something happens. I believe that unconsciously that is being created.

You want to know exactly what the dollar amount is that you're unconsciously programmed to make and where that comfort zone is. Then of course you want to pick a higher number and change it.

The formula is very simple. I'm going to go through this very quickly. If you have questions about it, ask in the Q & A Call.

Month by month, you take the last 12 months of total money that has flowed into your life, regardless of the source. It doesn't matter where it comes from. It doesn't matter if it was from a paycheck, clients, tax return, gift money, refund checks, or money in the street. Just like it doesn't matter in your tracking because it all counts, it's the same thing here.

Look at, month by month, the last 12 months, and choose the five highest months. You add them up. Then you divide by five. This is going to give you a high average. This is the subconscious amount that you are comfortable creating, on average, in your life.

Let's go back to quarterly. You're going to do the calculation I just described. I made this great form. It says Quarter 1, Quarter 2, Quarter 3 and Quarter 4. A quarter is every three months. You just put a checkmark and write that dollar amount in there. How much is your current money speedometer set to?

Then of course you want to raise it. You want to pick a new number. That's what I always do.

Every quarter, you want to raise it and pick a new number. Raise it by an amount that feels like a stretch but feels realistic to you that you could do it.

You're calculating the money speedometer. Then you're going to just do the math and say, "If I stay at this money speedometer amount, what does that times four add up to? Will that get to me my annual money goal?"

You would just put in here a checkmark that you've done that. If the dollar amount is not going to get you to your money goal, there's some interior and exterior work you need to do. The point is you need to look at it and take stock of where you are.

Those are the three things to do quarterly. Reevaluate expenses and eliminate one, calculate your money speedometer, and then multiply it by four to see where you are and if you're on track for your money goal.

There are three things you do yearly. You set a new money goal for the year. You set a new savings goal. We talked about this a few calls ago. This should not be new. How much money do you want to have in the bank at the end of the year? What a concept. You get to keep money.

You're also creating a money vision board. I love creating a money vision board. It is so empowering. It's amazing. That's just where you cut out magazine photos or download the stuff on the internet. You make a collage a piece of foam board. Glue it on.

It can represent the things that you want to create in your life. For me, I want to create a summer home. I wanted to create a great new office space. I did that last November. I have this great space that I really love being in.

It could be a vacation or some kind of holiday you want to create. It could be something that you want. It's okay to want stuff in your life as long as the stuff has meaning to it. It may be a new house. It may be paying off your debt.

It may be putting your children through school, so seeing a certain amount of money that's on your money vision board and a certain amount of money socked away for your kid's education.

It could be a new mindset around money. It could be anything on your money vision board.

There are no rules.

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I talked about the expense tracking. When I first started doing this a long time ago I did it manually with a piece of notebook paper and a ruler.

I created a form for you. I gave you a blank and an example. There are eight or nine categories of tracking expenses: house, phone, utilities, car, and things like that. They're very basic. We use QuickBooks now for this, so I don't do it manually anymore. I give the receipts to our bookkeeper, and she enters it into QuickBooks.

Every day you take your receipts and log them on this form, in Excel, or in QuickBooks. Do whatever is the easiest for you. It has to be easy. You have to be able to start this today. Don't try to make it perfect. Just get started.

For example, if you went to Starbucks and then you went out to lunch, those are two different line items on this chart under "Entertainment" and "Dining." Then you went to the grocery store. That's a different line item under "Groceries." You'll see these basic categories.

This was fascinating for me when I started doing it over a decade ago. I couldn't believe how much I was spending on food. I was spending hundreds of dollars a month on the two of us to eat. We weren't going out. It was just food at home. I thought, "This is ridiculous." I value good food. I eat really well, but it was insane how much we were spending back then.

When you start to see these numbers and you total it up at the end of the month, it's going to show you what you're unconsciously valuing. It gives you the information to make some other choices.

I looked at that and said, "I'm not going to my job and working that hard at my job to spend that much on food." I decided at that moment I would start looking in detail at the grocery bills and trying to figure out exactly where I was spending it.

With good intentions I put all the grocery receipts into a particular envelope. I said, "At the end of the month, I'll look at exactly what we're spending it on within the food category."

Truthfully, I never looked at it because from that month on the bill dropped by about 20%, simply by having the awareness. I made different purchase decisions in the store. That's how that chart works.

The last chart is bucketizing your savings account. This is really cool. I started doing this 9 or 10 years ago. When you put money into a savings account, you want to be accumulating, and you want to know what it is for.

Most people don't have a lot of interest in accumulating just for the sake of accumulating. Some do. Those who are really security-conscious do. For everybody else, that's not motivating for them. If you're accumulating for something in particular, it will happen so quickly it's phenomenal.

I created this concept of having one savings account. I know there are some experts out there that recommend you have all these different accounts. That sounds really confusing to me. I can't do that. It's too many accounts to track. I have one personal savings account, and I also have one business savings account.

Let's talk about the personal. The personal savings account is one account, but within that account I think of it as different buckets. It's an overall bucket, but then I think of smaller buckets within it.

You'll see this on the savings account bucket example. What are you saving for? Are you saving for a new car or holiday? You should definitely be saving for one month's living expenses and then three months' living expenses. I now have 12 months' expenses saved. It's a phenomenal feeling.

Maybe you're saving for gifts and being able to buy people a lot of gifts at the holidays, birthdays or whatever. I just gave you some examples for you to see. You can make up your own. We gave you a blank and an example.

Let's say you're going to make a \$100 deposit. You pay yourself every two weeks, and you make a \$100 deposit into your savings account. How are you bucketizing it? You say, "Out of that \$100, I want to apply \$50 to my one month's living expenses and \$50 for being able to buy gifts at the holidays."

This system works so incredibly well. Typically what I recommend is don't put all of the money into one category bucket. Realistically, it's not how life flows.

When I had to buy heating oil, I knew I spent about \$1,000 a year on heating oil, but it all came within a 6-month period of time during the wintertime.

I bucketized. I had a bucket where I put \$80 a month into that heating oil bucket. When it was time to fill up that heating oil tank and it was \$225 each time, I had the money. I could just pull it out of the savings.

I played a game, and I tried to pay it without pulling it out of the savings. That's how I saved a lot of money quickly. That's a different conversation.

The point is that you can spread the money and put it in these different buckets so that you never feel poor and you feel the accumulation happening.

I have one last tip on the goal for each of the buckets in your savings. What you want to do is put what that total goal is. For example, you're saving for a holiday, and that goal is \$3,000. You say, "A holiday for \$3,000 is my goal. One month's living expenses is \$4,500. Three months' living expenses is \$13,500." Under the column heading, put the goal amount that you are accumulating up to.

I think that's enough information for tonight. Remember come to the Q and A call with all your questions and if you can't make the call send me your questions via email and I will be happy to answer them and send you the recording.

Good night everyone!