

Personal Financial Management and Taxation

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Abstract

Modern times are characterized by a high emphasis on consumerism and more of everything. Perhaps, such phenomenon represents, according to many the hyper-materialization of modern life which inevitably puts more pressure on our financial resources. Our children are demanding more in terms of clothing, activities, and various other possessions; while we are no longer content with 2 pairs of shoes but 1/2 dozen at least, to say the least. This means that we need to earn more to keep in line with our material requirements, or rather to keep consuming. In this article, we will discuss personal finance and their contributions. The purposes and strategies will be discussed here.

Keywords: Purpose; Attributes; Broadcast; Importance.

1. Introduction

Finance and economics are often taught as separate subjects, but they are interrelated disciplines that influence one another in many ways. Economics is a social science. It studies the production, consumption, and distribution of goods and services, as well as larger topics such as inflation, recession, and supply and demand. It explains how government taxes and spends. It teaches the impacts that policy and events can have on business conditions, and it gives investors a tool to use when analyzing companies and markets. Careers in economics include teaching and research. Banks and other corporations employ economists to forecast growth, inflation, interest rates and so on. Some investors listen closely to what economists say about the markets, and others don't. In many respects, finance is an offshoot of economics. Individuals with economic backgrounds have made some of the most notable achievements in finance. Finance entails the study of prices, interest rates, money flows, and the financial markets. Billions of dollars are at stake when it comes to pricing loans, investments and insurance products. Finance provides the means to understand pricing and the valuation of future cash flows. It also helps investors and business managers evaluate proposals and allocate capital. Finance degrees are common among Wall Street analysts, bankers, and fund managers. Determining the fair value for many investment products is a basic part of finance. Personal finance is the financial management which an individual or a family unit performs to budget, save, and spend monetary resources over time, taking into account various financial risks and future life events. When planning personal finances, the individual would consider the suitability to his or her needs of a range of banking products (checking, savings accounts, credit cards and consumer loans) or investment private equity, (stock market, bonds, mutual funds) and insurance (life insurance, health insurance, disability insurance) products or participation and monitoring of and- or employer-sponsored retirement plans, social security benefits, and income tax management. Commercial bankers and insurance brokers also often have finance backgrounds. Historically, economics has been more concerned with the big picture, such as how a country is doing, while finance focuses on companies and industries. Both have valid uses and applications, and both are important. An economics major trains students in economic analysis, which touches on almost every aspect of life. For example, studying economic theory, trade-offs, pricing, and choices enables students to understand how businesses, governments, institutions, and even individuals make decisions about spending and policy. Economics offers a greater scope of studies, touching on both macro and microeconomics, where finance is only one aspect. Conversely, a finance major has a narrower scope focusing mostly on how individuals and organizations use and account for monetary resources. Majoring in economics, while more generalized, may grant a student the advantage of greater in-depth knowledge.

2. Basic Ideas

Personal finance is a term that covers managing your money and saving and investing. It encompasses budgeting, banking, insurance, mortgages, investments, retirement planning, and tax and estate planning. It often refers to the entire industry that provides financial services to individuals and households and advises them about financial and investment opportunities. Personal finance is about meeting personal financial goals, whether it's having enough for short-term financial needs, planning for retirement, or saving for your child's college education. It all depends on your income, expenses, living requirements, and individual goals and desires—and coming up with a plan to fulfill those needs within your financial constraints. But to make the most of your income and savings it's important to become financially literate, so you can distinguish between good and bad advice and make savvy decisions.

3. Personal Finance Attributes

a) Personal Decision Making

Achievement Standard: Use a rational decision-making process as it applies to the roles of citizens, workers, and consumers.

b) Earning and Reporting Income

Achievement Standard: Identify various forms of income and analyze factors that affect income as a part of the career decision-making process.

c) Managing Finances and Budgeting

Achievement Standard: Develop and evaluate a spending/savings plan.

d) Saving and Investing

Achievement Standard: Evaluate savings and investment options to meet short- and long-term goals.

e) Buying Goods and Services

Achievement Standard: Apply a decision-making model to maximize consumer satisfaction when buying goods and services.

f) Banking and Financial Institutions

Achievement Standard: Evaluate services provided by financial deposit institutions to transfer funds.

g) Using Credit

Achievement Standard: Analyze factors that affect the choice of credit, the cost of credit, and the legal aspects of using credit.

h) Protecting Against Risk

Achievement Standard: Analyze choices available to consumers for protection against risk and financial loss. Financial position: Your net worth (your household assets minus your household liabilities) and your household cash flow (your expected yearly income minus your expected yearly expenses).

- i) Adequate Protection: An understanding of how a household can be protected in the event of an emergency such as natural disasters and death.
- j) Tax Planning: Lowering tax costs through tax reduction programs.
- k) Investment and Accumulation Goals: Planning and investing for financial goals, whether it is for a new house or to have a certain amount of profit from stocks.
- l) Retirement Planning: Planning for your or your families' retirement, knowing that you are going to be financially secure enough to retire at the time that you want to do so.
- m) Estate Planning: Planning for what will happen when you die, and planning for the tax due to the government at that time.
- n) An example of personal finance is knowing how to budget, balance a checkbook, obtain funds for major purchases, save for retirement, and plan for taxes, purchase insurance and make investments.
- o) An example of personal finance is if you sit down with your spouse and plan out your spending for the mortgage or the kids' college tuitions.
- p) An example of personal finance is debating whether or not to save five dollars or to spend it on a cup of coffee.
- q) Financial position: Your net worth (your household assets minus your household liabilities) and your household cash flow (your expected yearly income minus your expected yearly expenses).
- r) Adequate Protection: An understanding of how a household can be protected in the event of an emergency such as natural disasters and death.
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- t) Investment and Accumulation Goals: Planning and investing for financial goals, whether it is for a new house or to have a certain amount of profit from stocks.
- u) Retirement Planning: Planning for your or your families' retirement, knowing that you are going to be financially secure enough to retire at the time that you want to do so.
- v) Estate Planning: Planning for what will happen when you die, and planning for the tax due to the government at that time.

4. Strategies

The sooner you start financial planning the better, but it's never too late to create financial goals to give yourself and your family financial security and freedom. Here are the best practices and tips for personal finance: A budget is essential to living within your means and saving enough to meet your long-term goals. The 50/30/20 budgeting method offers a great framework. It breaks down like this:

- a) 50% of your take-home pay or net income (after taxes, that is) goes toward living essentials, such as rent, utilities, groceries, and transport
- b) 30% is allocated to lifestyle expenses, such as dining out and shopping for clothes.
- c) 20% goes towards the future: paying down debt and saving both for retirement and for emergencies

It's never been easier to manage money, thanks to a growing number of personal budgeting apps for smartphones that put day-to-day finances in the palm of your hand. Here are just two examples: YNAB, aka You Need a Budget, helps you track and adjust your spending so that you are in control of every dollar you spend. Meanwhile, Mint streamlines cash flow, budgets, credit cards, bills, and investment tracking—all from one place. It automatically updates and categorizes your financial data as info comes in, so you always know where you stand financially. The app will even dish out custom tips and advice.

It's important to “pay yourself first” to ensure money is set aside for unexpected expenses such as medical bills, a big car repair, rent if you get laid off, and more.

Between three and six months' worth of living expenses is the ideal safety net. Financial experts generally recommend putting away 20% of each paycheck every month (which of course, you've already budgeted for!). Once you've filled up your “rainy day” fund (for emergencies or sudden unemployment), don't stop. Continue funneling the monthly 20% towards other financial goals such as a retirement fund.

It sounds simple enough: To keep debt from getting out of hand, don't spend more than you earn. Of course, most people do have to borrow from time to time—and sometimes going into debt can be advantageous, if it leads to acquiring an asset. Taking out a mortgage to buy a house is one good example. But leasing can sometimes be more economical than buying outright, whether you're renting a property, leasing a car, or even getting a subscription to computer software.

Credit cards can be major debt traps. But it's unrealistic not to own any in the contemporary world, and they have applications other than as a tool to buy things. Not only are they crucial to establishing your credit rating, but they're also a great way to track spending, which can be a big budgeting aid.

Credit just needs to be managed correctly, which means the balance should ideally be paid off every month, or at least be kept at a credit utilization rate minimum (that is, keep your account balances below 30% of your total available credit). Given the extraordinary rewards incentives on offer these days (such as cashback), it makes sense to charge as many purchases as possible. Still, avoid maxing out credit cards at all costs, and always pay bills on time. One of the fastest ways to ruin your credit score is to constantly pay bills late—or even worse, miss payments. (See Tip No. 5.)

Using a debit card is another way to ensure you will not be paying for accumulated small purchases over an extended period—with interest.

Credit cards are the main vehicle through which your credit score is built and maintained, so watching credit spending goes hand in hand with monitoring your credit score. If you ever want to obtain a lease, mortgage, or any other type of financing, you'll need a solid credit history behind you. Factors that determine your score include how long you've had credit, your payment history, and your credit-to-debt ratio.

Credit scores are calculated between 300 and 850. Here's one rough way to look at it:

- a) 720 = good credit
- b) 650 = average credit
- c) 600 or less = poor credit

To pay bills, set up direct debiting where possible (so you never miss a payment) and subscribe to reporting agencies that provide regular credit score updates. By monitoring your report, you will be able to detect and address mistakes or fraudulent activity. Federal law allows you to obtain free credit reports from the three major credit bureaus: Equifax, Experian, and TransUnion. Reports can be obtained directly from each agency, or you can sign up at Annual Credit Report, a site sponsored by the Big Three; you can also get a free credit score from sites such as Credit Karma, Credit Sesame, or Wallet Hub. Some credit card providers, such as Capital One, will provide customers with complimentary, regular credit score updates, too.

To protect the assets in your estate and ensure that your wishes are followed when you die, be sure you make a will and—depending on your needs—possibly set up one or more trusts. You also need to look into insurance: not just on your major possessions (auto, homeowners), but also on your life. And be sure to periodically review your policy to make sure it meets your family's needs through life's major milestones.

Other critical documents include a living will and healthcare power of attorney. While not all these documents directly affect you, all of them can save your next-of-kin considerable time and expense when you fall ill or become otherwise incapacitated.

And while they're young, take the time to teach your children about the value of money and how to save, invest, and spend wisely. There are myriad of loan-repayment plans and payment reduction strategies available to graduates. If you're stuck with a high-interest rate, paying off the principal faster can make sense. On the other hand, minimizing repayments (to interest only, for instance), can free up other income to invest elsewhere or to put into retirement savings while you're young and will get the maximum benefit from compound interest (see Tip No. 8, below). Some federal and private loans are even eligible for a rate reduction if the borrower enrolls in autopay. Flexible federal repayment programs worth checking out include:

- a) Graduated repayment—progressively increases the monthly payment over 10 years
- b) Extended repayment—stretches the loan out over a period that can be as long as 25 years

Retirement may seem like a lifetime away, but it arrives much sooner than you'd expect. Experts suggest that most people will need about 80% of their current salary in retirement. The younger you start, the more you benefit from what advisors like to call the magic of compounding interest—how small amounts grow over time. Setting aside money now for your retirement not only allows it to grow over the long term, but it can also reduce your current income taxes if funds are placed in a tax-advantaged plan fund like an Individual Retirement Account (IRA), a 401(k) or a 403(b). If your employer offers a 401(k) or 403(b) plan, start paying into it right away, especially if they match your contribution. By not doing so, you're giving up free money! Take time to learn the difference between a Roth 401(k) and a traditional 401(k), if your company offers both.

Investing is only one part of planning for retirement. Other strategies include waiting as long as possible before opting to receive Social Security benefits (which is smart for most people) and converting a term life insurance policy to a permanent life one. Due to an overly complex tax code, many individuals leave hundreds or even thousands of dollars sitting on the table every year. By maximizing your tax savings, you'll free up money that can be invested in the reduction of past debts, your enjoyment of the present and your plans for the future.

You need to start each year saving receipts and tracking expenditures for all possible tax deductions and tax credits. Many business supply stores sell helpful "tax organizers" that have the main categories already pre-labeled. After you're organized, you'll then want to focus on taking advantage of every tax deduction and credit available, as well as for deciding between the two when necessary. In short, a tax deduction reduces the amount of income you are taxed on, whereas a tax credit actually reduces the amount of tax you owe. This means that a \$1,000 tax credit will save you much more than a \$1,000 deduction. Budgeting and

planning can seem full of deprivations. Make sure you reward yourself now and then. Whether it's a vacation, purchase, or an occasional night on the town, you need to enjoy the fruits of your labor. Doing so gives you a taste of the financial independence you're working so hard for.

Last but not least, don't forget to delegate when needed. Even though you might be competent enough to do your own taxes or manage a portfolio of individual stocks, it doesn't mean you should. Setting up an account at a brokerage, spending a few hundred dollars on a certified public accountant (CPA) or a financial planner—at least once—might be a good way to jump-start your planning.

5. Personal Finance Education

A great way to start learning about personal finance is to read personal finance blogs. Instead of the general advice, you'll get in personal finance articles, you'll learn exactly what challenges real people are facing and how they are addressing those challenges.

Mr. Money Mustache has hundreds of posts full of irreverent insights on how to escape the rat race and retire extremely early by making unconventional lifestyle choices. Cent Sai helps you navigate myriad of financial decisions via first-person accounts. And The Points Guy and Million Mile Secrets teach you how to travel for a fraction of the retail price by using credit card rewards, and FareCompare helps you find the best deals on flights. These sites often link to other blogs, so you'll discover more sites as you read.

Of course, we can't help tooting our own horn in this category. Investopedia offers a wealth of free personal finance education. You might start with our tutorials on budgeting, buying a home, and planning for retirement—or the thousands of other articles in our personal finance section.

6. Personal Finance Education and Library

You may need to visit your library in person to get a library card, but after that, you can check out personal finance audiobooks and eBooks online without leaving home. Some of these bestsellers may be available from your local library: "I Will Teach You to Be Rich," "The Millionaire Next Door," "Your Money or Your Life," and "Rich Dad Poor Dad." Personal finance classics like "Personal Finance for Dummies," "The Total Money Makeover," "The Little Book of Common Sense Investing," and "Think and Grow Rich" are also available as audiobooks.

7. Podcasts

Personal finance podcasts are a great way to learn how to manage your money if you're short on free time. While you're getting ready in the morning, exercising, driving to work, running errands, or getting ready for bed, you can listen to expert advice on becoming more financially secure.

The Dave Ramsey Show is a call-in program that you can listen to anytime through your favorite podcast app. You'll learn about the financial problems real people are facing and how a multimillionaire who was once broke himself recommends solving them. NPR's Planet Money and Freakonomics Radio make economics interesting by using it to explain real-world phenomena such as "how we got from mealy, nasty apples to apples that actually taste delicious," the Wells Fargo faux-accounts scandal, and whether we should still be using cash. American Public Media's Marketplace helps make sense of what's going on in the business world and the economy. And So Money with Farnoosh Torabi combines interviews with successful business people, expert advice, and listeners' personal finance questions. The most important thing is to find resources that work for your learning style and what you find interesting and engaging. If one blog, book, course, or podcast is dull or difficult to understand, keep trying until you find something that clicks. And education shouldn't stop once you learn the basics. The economy changes and new financial tools, like those budgeting apps, are always being developed. Find resources you enjoy and trust, and keep refining your money skills from now to retirement and even after it.

8. Importance

It's possible to manage income more effectively through planning. Managing income helps you understand how much money you'll need for tax payments, other monthly expenditures, and savings. Increase cash flows by carefully monitoring you're spending patterns and expenses. Tax planning, prudent spending, and careful budgeting will help you keep more of your hard-earned cash. An increase in cash flow can lead to an increase in capital. Allowing you to consider investments to improve your overall financial well-being. Providing for your family's financial security is an important part of the financial planning process. Having the proper insurance coverage and policies in place can provide peace of mind for you and your loved ones. The savings created from good planning can prove beneficial in difficult times. For example, you can make sure there is enough insurance coverage to replace any lost income should a family breadwinner become unable to work. Better financial understanding can be achieved when measurable financial goals are set, the effects of decisions understood, and results reviewed. Giving you a whole new approach to your budget and improving control over your financial lifestyle. A nice 'cushion' in the form of assets is desirable. But many assets come with liabilities attached. So, it becomes important to determine the real value of an asset. The knowledge of settling or canceling the liabilities comes with the understanding of your finances. The overall process helps build assets that don't become a burden in the future. It used to be called saving for a rainy day. But sudden financial changes can still throw you off track. It is good to have some investments with high liquidity. These investments can be utilized in times of emergency or for educational purposes. Establishing a relationship with a financial advisor you can trust is critical to achieving your goals. Your financial advisor

will meet with you to assess your current financial circumstances and develop a comprehensive plan customized for you.

9. Managing Your Personal Finances

Take some time to write specific, long-term financial goals. You may want to take a month-long trip to Europe, buy an investment property, or retire early. All of these goals will affect how you plan your finances. For example, your goal to retire early is dependent on how well you save your money now. Other goals, including homeownership, starting a family, moving, or changing careers will all be affected by how you manage your finances. Once you have written down your financial goals, prioritize them. This ensures that you are paying the most attention to the ones that are of the highest importance to you. You can also list them in the order you want to achieve them, but a long-term goal like saving for retirement requires you to work towards it while also working on your other goals. A financial plan is absolutely essential in helping you reach your financial goals. The plan should have multiple steps or milestones. A sample plan might include creating a monthly budget and spending plan, then getting out of debt. Once you've accomplished these three things and have followed through on your new plan for a few months, you may find that you have extra cash, and the money you free up from your debt payments can be used to reach your next round of goals. Again, it's key to decide what priorities are most important to you. Keep steadily working toward your long-term retirement goals, but also start to focus on the most important near-term goals you have set for yourself. Do you want to take an extravagant trip? Start investing? Buy a home or build your own business? These are all things to consider when deciding on your next step. Your budget is one of the biggest tools that will help you succeed financially. It allows you to create a spending plan so you can allocate your money in a way that will help you to reach your goals. You can make your budget as high-level or detailed as you want, as long as it helps you reach your ultimate goal of spending less than you earn, paying off any debts, padding your emergency fund, and saving for the future. A budget will also help you decide how to spend your money over the coming months and years. Without the plan, you might spend your cash on things that seem important now, but don't offer much in terms of enhancing your future. Many people get caught in this quagmire and get down on themselves for not reaching the financial milestones they want for their family and for their own life. Don't forget to celebrate small victories along the way. For example, congratulate yourself once you pay off your debt, or reward yourself when you stick to your budget for three months solid, or when you successfully pad your emergency fund. If you are married, you and your spouse need to work together on the budget so that it feels fair to both of you, and you both have the same level of commitment towards achieving it. This can go a long way towards helping you prevent money-related arguments.

Debt is a huge obstacle for many when it comes to reaching financial goals. That's why you should make eliminating it a priority. Set up a debt elimination plan, to help you pay it off more quickly. For example, while making minimum payments on all of your debt accounts, pay any extra money towards one debt at a time. After paying off one debt account, move all the money you were paying on the first debt to the next debt and continue from there, creating a debt-paydown "snowball effect."

Once you are totally out of debt, make a commitment to stay out of debt. Leaving them credit cards at home may be a wise strategy. Save up an emergency fund to cover unexpected expenses so you aren't tempted to use a credit card to cover them.

An example of personal finance is knowing how to budget, balance a checkbook, obtain funds for major purchases, save for retirement, and plan for taxes, purchase insurance and make investments.

An example of personal finance is if you sit down with your spouse and plan out your spending for the mortgage or the kids' college tuitions.

An example of personal finance is debating whether or not to save five dollars or to spend it on a cup of coffee.

10. The 50/30/20 Rule

Your after-tax income is what remains of your paycheck after taxes are taken out, such as state tax, local tax, income tax, Medicare, and Social Security. If you're an employee with a steady paycheck, your after-tax income should be easy to figure out. Look at your paystubs. If health care, retirement contributions, or any other deductions are taken out of your paycheck, add them back in.

If you're self-employed, your after-tax income equals your gross income less your business expenses, such as the cost of your laptop or airfare to conferences, as well as the amount you set aside for taxes. You're responsible for remitting your own quarterly estimated tax payments to the government because you don't have an employer to take care of it for you.

Now go back to your budget. How much do you spend on "needs" each month, things like groceries, housing, utilities, health insurance, car payment, and car insurance? According to Warren and Tyagi and their 50/30/20 rule, the amount that you spend on these things should total no more than 50 percent of your after-tax pay.

Of course, now you must differentiate between which expenses are "needs" and which are "wants." Basically, any payment that you can forgo with only minor inconveniences such as your cable bill or back-

to-school clothing is a want. Any payment that would severely impact your quality of life, such as electricity and prescription medicines, is a need.

If you can't forgo a payment such as a minimum payment on a credit card, it can be considered a "need," according to the Warren and Tyagi. Why? Because your credit score will be negatively impacted if you don't pay the minimum. By the same token, if the minimum payment required is \$25 and you regularly pay \$100 a month to keep a manageable balance, that additional \$75 isn't a need.

This sounds great on the surface. Can you put 30 percent of your money toward your wants? Hello, beautiful shoes, a trip to Bali, salon haircuts, and Italian restaurants.

Not so fast. Remember how strict we were with the definition of a "need"? Your "wants" don't include extravagances. They include the basic niceties of life that you enjoy, like that unlimited text messaging plan, your home's cable bill, and cosmetic (not mechanical) repairs to your car.

You might spend more on "wants" than you think. A threadbare minimum of warm clothing is a need. Anything beyond that, such as shopping for clothes at the mall rather than at a discount outlet, qualifies as a want.

Yes, the rules are tricky, but if you think about it, they make sense.

Now about the extra \$75 you pay on that credit card each month. That's neither a want nor a need. It's the "20" in the 50/30/20 rule. It's in a class all its own.

You should spend at least 20 percent of your after-tax income repaying debts and saving money in your emergency fund and your retirement accounts. If you carry a credit card balance, the minimum payment is a "need" and it counts toward the 50 percent. Anything extra is an additional debt repayment, which goes toward this 20 percent category. If you carry a mortgage or a car loan, the minimum payment is a "need" and any extra payments count toward "savings and debt repayment."

Let's say your total take-home pay each month is \$3,500. Using the 50-30-20 rule, you can spend no more than \$1,750 on your needs per month. You probably can't afford a \$1,500-a-month rent or mortgage payment, at least not unless your utilities, car payment, minimum credit card payments, insurance premiums, and other necessities of life don't exceed \$250 a month.

If you already own your home or you're locked into a lease, you're pretty much stuck with that \$1,500 payment. Consider relocating when your lease expires to make your budget more manageable or take a look at your other "needs" to see if there's a way that you can reduce any of them. Maybe shop for more

affordable insurance or transfer the balance on that credit card to one with a lower interest rate so your minimum payment drops a bit.

A degree in finance is a common denominator among many of those who work on Wall Street as analysts, bankers, or fund managers. Likewise, many of those employed by commercial banks, insurance companies, and other financial service providers have college backgrounds in finance. Apart from the finance industry itself, a degree in finance can be a pathway to senior management of companies and corporations.

11. Keeping Track of Your Personal Finances

Staying on top of your personal finances can be challenging, tedious, and even discouraging, but for most people, this process is a necessary evil. Spending more than you earn is a sure way to bury yourself in debt, and not being careful about precisely where your money is going can leave you struggling to pay for necessities like groceries. Fortunately, learning how to keep track of your personal finances is not difficult, but it does require a fair amount of time and discipline. Following either of the methods below will help you down the path of becoming better with your money.

Create a system. The most important part of keeping track of your finances is consistency. Regardless of which way you choose to log your transactions, you have to be able to refer back to them easily and reliably. Be sure to include important information like the date, the amount spent or gained, and expense category with each entry. Also, be sure to make your recording consistent. For example, you can record transactions as soon as they happen, every time you get home, or even once a week.

Keep a notebook. The absolute simplest way of tracking your finances is to write a record of each transaction in a notebook. By always carrying this notebook, you are able to know exactly where every dollar came from and went. At the end of each period (week or month), you can also transfer the information to a computer spreadsheet so that it is more accessible. **Keep a checkbook.** It may be considered old-fashioned, but recording your transactions in a checkbook is still a simple and reliable way of tracking your finances. The recording process involves simply writing down the amount of the transaction, writing a description of the transaction (a good place to write down the category), and then adding or subtracting the amount from the account balance.

Use a computer spreadsheet. By using a simple spreadsheet on a program like Microsoft Excel, you can organize your expenses clearly and even create graphs easily to better understand your spending. There are many specific ways to do this, but a good start might be to create a personal budget. This would be done on a week or monthly basis, and include information like the amount, category, and date for each transaction. Analyze your finances at the end of each month. Regardless of which method you choose to keep track of

each transaction, you will need also need some way of combining and analyzing you're spending at the end of each month. This will allow you to see where your money is going and allow you to make adjustments for next month if needed.

12. Conclusion

The purpose of your life is often confused with the struggle to survive and you may not realize that staying alive is only a part of your life. Well, if survival is not the essence of your life, you don't want to have this necessity have a significant role, right? However, we all realize that our basic needs and money play an important part in our day-to-day decisions. The irony is that in spite of knowing how hard it is just to make ends meet and/or to afford the lifestyle you lead, you normally give little importance to plan out what you do with the money you earn with so much effort, or if you do some planning you don't take into account all the considerations which might affect you.

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