



On Course | December 15, 2023 | Volume 23, #8

Welcome. We at Compass Planning continue to appreciate your support. Thank you.

One of the big expense tracking apps – MINT – is being absorbed into Credit Karma on January 1. We have a number of money-savvy clients who love MINT and who asked us about the best replacement. That search has brought us here – to this month’s newsletter – a lesson on why tracking expenses is so important and how to make it easy.

If you missed our series on retirement, you can still access the issues. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

If you would like assistance setting up your expense tracking, we are here to help you stay *On Course*!



Jennifer Lane, CFP



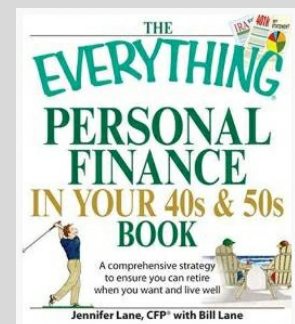
Check the amount you are paying toward consumer debt such as credit cards each month. If your payment is more than 20 percent of your take home, focus on getting that debt paid down.

Get more tips in Jennifer's book

Expense Tracking and Its Various Methods

As financial planners, we’re given privileged insight into the lives of our clients. One of the most interesting insights is how little income and family wealth has to do with whether or not clients meet their financial goals. We have high-earning clients who are stressed about meeting expenses, and we have low earning clients who can’t imagine how they could possibly spend it all.

More often than not, the people with less stress, who are meeting their



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goals, are the ones who have a better than average handle on their expenses. They know where their money goes, and they put it to good use to achieve their priorities.

Bottom line: it's not how much you make; it's how well you manage it. Tracking income and expenses is an important money skill, but it's often not at the top of many clients' favorite habits.

Happily, tracking your money has gotten easier with technology. Online banking portals let you categorize transactions and a number of paid and free apps help track cash flow. These tools let you run reports on where your money is going so you can direct it to where it will do its best work.

Why tracking expenses is a good idea

- Find scams, double charges, or uncanceled monthly fees.
- Spend deliberately. You work hard for your money. If you know what you're spending, you can fight inertia and redirect your funds to expenses you prioritize.
- Prove the financial goal accuracy. Clients are more willing to start tracking expenses when retirement is looming. It's scary to turn off the paycheck if you're not confident about what your lifestyle costs. Starting three years before retirement is ideal. Since you'll need to start sometime, why not start sooner rather than later and benefit from all those years of savvy money management?
- Whether it's retirement, travel, home repair, or other large ticket items, spend tracking gives you a more accurate idea of how to plan for the future. It's a money and a time saver.

Key savings plan tips

Early career and starting a family

- Set-up auto-investing. When you're younger, it can seem harder to find the money to save and invest. Don't agonize over the process. Start with 15 percent of your first paycheck and build from there by adding a few percentage points each year.
- Many young clients have unbelievably high daycare and child expenses. Here's where tracking expenses really helps. With good tracking you can make a plan to pay for the daycare and then redirect that cash flow to college and retirement savings as the daycare ends.
- Tracking is helpful in planning for life and disability insurance too. Rather than be over or under insured – as most people are – you have solid expense information that makes the amount you would need in a catastrophe easier to determine.

Mid-career

- With luck your mid-career is a time of higher income. Don't step away from tracking cash flow even if you're not worried about the day-to-day bills.
- Tracking expenses will make your retirement decision and kid-gifting decisions easier. With an ongoing financial plan and expense tracking to match, you know your goals are accurate, and you'll be more confident in your wealth building plan.
- Having pro-level tracking skills (or even simply basic skills that you're just now reawakening) will help to teach your children as they begin their own careers. If they're good money managers, they will need less help from you.

Retirement

- Many clients reduce the number of bank accounts they have when they retire. This makes tracking a little easier. Knowing where your

Helpful Websites

[American Institute of Professional Bookkeepers](#)

[AIPB Job Board](#)

[Monarch Money](#)

[Quicken Classic](#)

[Quicken Simplifi](#)

they retire. This makes tracking a little easier. Knowing where your money goes - even in broad categories like housing, travel, kids, charity, and personal expenses - is a huge help in planning. Housing and personal expenses may be more fixed and non-discretionary. Knowing you have those covered is a powerful help in planning family gifting, charity, or extra travel or hobby expenses.

Technology isn't the only way to track expenses, but in many ways, it's easier.

Low Tech – Custom-Named Savings Buckets

- Create savings buckets by assigning a number of direct deposits from your paycheck. For example, one deposit to a savings account for all the annual, non-monthly, and investing expenses and another deposit to your checking account for regular expenses. Setting up the direct deposits and watching how well they work will give you a good bead on basic expenses if not the drilled down details.

Online options

Mint - Free

- Once Mint merges into Credit Karma it is expected to continue with spending and cash flow monitoring but is dropping the budgeting and custom categories. If you are a "Minter," it might continue to work for you.

Other Paid Options

- If you're really over all the ads on MINT and don't like the way free apps sell your data, then these are the paid options our clients like.
- [Monarch Money](#) is similar to Mint with a bit more functionality. Ex-Minters tell us they like Monarch better. Monarch is currently offering a 50 percent discount with a 30-day free trial to Mint customers. They will also import your MINT data, so you don't lose your history. [Quicken Classic](#) was a pioneer in automated bookkeeping systems. [Quicken Simplifi](#) is a Mint alternative with automatic uploads and, while it is easier to use than Quicken Classic, has less robust functionality. Quicken Classic, a traditional bookkeeping system, provides different versions, including personal and business.

Delegate it! Professional bookkeepers

- If you like the idea of having the data but can't imagine fitting another to-do into your life, consider hiring a bookkeeper as several of our clients have. They will do the work, and you will get the important information you need to help with your financial planning.
- The best place to find a bookkeeper is from your tax professional or the [job board](#) at the [American Institute of Professional Bookkeepers](#).

Pencil and paper or spreadsheets

- While I love the privacy of pencil and paper, staying up-to-date and building reports like "income and expense by month" can be challenging.
- If you want to track expenses in hard copy, then keep it simple with as few categories as possible – housing, medical, travel/hobbies, and everything else are the ones that will work best to support your financial planning.

Jennifer In The Media

Below are links to Jennifer's frequent contributions to financial planning articles.

- Jennifer contributed to an article for **USA Today** on managing credit card debt. Click [here](#) to read **Debt snowball vs. debt avalanche: The best way to pay off credit card debt**.
- NBC Boston turned to Jennifer for advice and tips on what to do if you win big in the lottery. Click [here](#) to watch or read the segment.
- Jennifer contributed to a WBUR Radio Boston segment, **How to Look Before You Leap into the "Great Resignation."** Click [here](#) to listen.
- NBC10 consumer investigative reporter Leslie Gaydos interviewed Jennifer for savings tips. For a great video, **How to Save \$1,000 in 5 Months**, click [here](#). For the written article, click [here](#).
- Jennifer contributed to a timely article, **How to seek forbearance on your mortgage**, for **The Boston Globe**. [Read article](#).
- If you're interested in dividend funds, Jennifer contributed to **The New York Times** article, **Dividend Funds Can Add Income, and Risk, to Your Portfolio**. [Read article](#).
- Jennifer contributed to a **BankRate** article, **Should I combine my mortgage and student loans?** [Read article](#).
- Need help with your 401(k) during the pandemic? Jennifer contributed to a **Boston Globe** article, **Five tips for managing a 401(k) during the pandemic's turbulence**. [Read article](#).
- Jennifer contributed to the **Bottom Line Inc** article **Prepare your Finances for a Possible Recession**. [Read article](#).
- Jennifer contributed to **The Wall Street Journal** article **If Saving During a Pandemic Is Hard, Here's How to Stay Motivated**. [Read article](#).
- The **New York Times** featured Jennifer in an article titled, **Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful**. [Read article](#).
- With a contrarian view, Jennifer contributed to an article, **People are enraged by the idea that you should have twice your salary saved by the time you're 35!** published recently by **Business Insider**. [Read article](#).
- Moving in together? Check this article from **Business Insider**, **Five questions you and your partner should answer before taking the biggest step in your relationship**. [Read article](#).
- **Insider** asked Jennifer to contribute to an article on old fashioned ways to manage your money, **Six money-saving tips your grandma used that are way more effective than any budgeting app**. [Read article](#).
- Jennifer contributed to an article on **Business Insider**, **This is the best way to do your taxes online - according to experts**. [Read article](#).
- **CNN Money's** Money Moves featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. [Read article](#).
- Jennifer contributed to a **CNN Money** article **When is the Right Time to See a Financial Advisor?** [Read article](#).

Compass Planning News

- Compass Planning continues to meet with clients as well as those interested in learning more about the firm via phone and web-based video conferencing. Email info@compassplanning.com to learn more.
- Compass Planning has become a supporter of [The Center for Financial Planning](#) at the sustainer level. The CFP Board created the center to achieve a more diverse and sustainable financial planning profession so that every American has access to competent and ethical financial planning advice.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our fee-only, client-centered approach provides education and guidance for achieving financial goals and dreams.

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