

## Budgeting with your Check Register

For those who use a checkbook register, there is a simple way to use it in budgeting your money. After tracking expenses over time you will get an idea of how much you typically spend in different categories. Most people stay within their budget in most of the categories. However, there are usually a few “disaster categories” that you always have to be aware of how you are spending your money. It may be your dining out category or, perhaps, your clothes category.

To use your check register to budget, first pick a few of your disaster categories.

Next take your blank register, like the one seen below,

Example 1

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE		
			\$		\$	\$	\$		

and draw several lines down the register and label each column with the name of a “disaster category” that you want keep track of. Below each category name write the dollar amount you have budgeted for that category. When you are finished it will look something like the example below:

Example 1

MAY RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT										
NUMBER	DATE	FOOD	HOUSING	TRANS.	CLOTHES	PERS. CARE	MED.	REC.	BALANCE	
									\$	
<b>TOTAL</b>	<b>1530</b>	<b>300.00</b>	<b>590.00</b>	<b>360.00</b>	<b>120.00</b>	<b>30.00</b>	<b>50.00</b>	<b>80.00</b>	<b>300</b>	<b>00</b>

Once you’ve set up your register you are ready to use it to track and budget your expenses. As you purchase items in each category subtract the amount from your category budget. This will show you how much you have left to spend in that category. Also, remember to subtract the expense from the right hand column so that you know how much money you have in your account. The example below shows this process.

Example 2: Recording expenses

MAY RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT										
NUMBER	DATE	FOOD	HOUSING	TRANS.	CLOTHES	PERS. CARE	MED.	REC.	BALANCE	
									\$	
<b>TOTAL</b>	<b>1530</b>	<b>300.00</b>	<b>590.00</b>	<b>360.00</b>	<b>120.00</b>	<b>30.00</b>	<b>50.00</b>	<b>80.00</b>	<b>300</b>	<b>00</b>
511	5/1					-9 <sup>06</sup>				9 <sup>06</sup>
K-MART						20 <sup>94</sup>				290 <sup>04</sup>
	5/11									1022 <sup>98</sup>
DEPOSIT										1313 <sup>92</sup>
CASH	5/15									50 <sup>00</sup>
WITHDRAWAL										1263 <sup>92</sup>

If you use cash or a credit card, you may decide to record these purchases differently. In the example below cash purchases are circled and credit purchases have a box around them. Notice that the amount of the purchase is subtracted from the budget category, but not from the total balance on the right because the balance on the right is the amount of money actually in your account.

It may be wise to keep a running total of your credit transactions so that you know how much you have charged each month. This is especially important if you plan to pay off your credit card each month. You can compare the credit charge total with your account balance to determine if you have sufficient funds to pay off the card. As you watch your charge total increase and compare it with your account balance, you will be more aware of what you are charging. This can help you cut back on the amount of expenses you put on your card.

Example 3: Circled number denotes cash expense

MAY										RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT	
NUMBER	DATE	FOOD	HOUSING	TRANS.	CLOTHES PERS. CARE	MEDICAL	REG.	CREDIT CARD	BALANCE		
		125.00	680.00	150.00	45.00	50.00	50.00	1500.00	\$	300.00	
DEPOSIT	5/11									1600.00	
501	5/1		-550.00							1900.00	
HOUSE PAYMENT			130.00							550.00	
502	5/2	-51.00								1350.00	
GROCERIES		74.00								51.00	
										1299.00	
PENNEYS	5/4				-24.00					1299.00	
					21.00					1299.00	
CLINIC	5/5					-15.00				1299.00	
						35.00				1299.00	
AUTO REPAIR	5/5			-130.00				-130.00		1299.00	
				20.00				1370.00		1299.00	
TACO JOHNS		-3.75								1299.00	
		70.25								1299.00	
503	5/8	-25.88	-16.40		-18.42					60.50	
OSCO		44.57	113.00		2.58					1238.50	

## Summary

The check register system has many advantages. It's simple. It allows you to have information at your fingertips about your spending situation. It provides you with immediate decision making opportunities: yes, we can afford to eat out or no, we can't. It's compact—you can carry it with you at all times.

This tracking method also helps you evaluate your spending habits so you can better plan for a more secure financial future. Remember: this tool can easily be adapted to provide the kind of information you need to make decisions about your finances.

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Information for this handout was adapted from a Montana State University Extension publication available at <http://www.montana.edu/wwwpb/pubs/mt8703.html>.

Other publications from MSU Extension are also available at <http://www.montana.edu/publications>.

Premade registers can be purchased for \$2 by writing to:

Check Register  
 Extension Publications  
 PO Box 172040, MSU  
 Bozeman, MT 59717-2040