



## Paul Clitheroe

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# taking better care of your cash

If you've ever had that sinking feeling of looking into your wallet and finding considerably less cash than you expected, you're not alone. A recent survey by Visa has confirmed that on average, Australians can't account for around \$59 of their spending each week.

It's silly to expect we should be able to pinpoint where every cent goes. Life just doesn't work like that. But \$60 each week is a fair whack of cash. Especially when you consider that it adds up to over \$3,000 annually.

The survey also found that when it comes to keeping tabs on our cash, Australians rank poorly on an international scale. The Japanese for example, can account for all but \$11 of their weekly spending. In the United States, the figure is \$21.

The trouble is, many Australian households can't afford to lose around \$60 each week. With interest rate rises likely in 2010, and higher fuel prices on the horizon, that cash could go a long way to reducing debt or building a pool of savings.

If you're wondering where we're most likely to lose track of our spending, the survey found grocery shopping is the key danger area for women. Heading out for a few beers with mates is the weak spot for men.

There are a few ways to keep better control of your spending, without giving up shopping or drinking. Try keeping a spending diary for a week. Write down everything you buy in the period - I reckon you'll be surprised by the results as it's often the little things that add up over time.

Or think about rearranging your banking to ensure you stay on track. Using a separate transaction account for daily spending is one way to keep a firm rein on your money. Have your wage or salary paid into a savings account, then transfer your weekly spending money into a separate transaction account. You can spend this money any way you like as long as you don't touch the savings account.

If you find cash just slips through your fingers, it can be worth using a debit card. The plus here is that your bank statement will show where you've been spending. And unlike a credit card, you won't pay interest on your purchases.

Ultimately the single best way to take control of your money is by following a budget. Only around one in two households use a budget, and even people earning good money could benefit from budgeting because they, like everyone else, have a tendency to spend more than they earn.

If you're keen to get your finances under control in 2010, there are plenty of budget planners available to help you get started. Take a look at my book *Making Money*, or visit websites like [www.understandingmoney.gov.au](http://www.understandingmoney.gov.au) for a budget planner you can download for free.

*Paul Clitheroe's 'Making Money' for the week beginning 18 January 2010*



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