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Spending less starts with knowing more about your financial habits. Here are five steps to help you get a better handle on your money—and reach your savings goals.

1. Know where your money goes.

It's essential to know what your monthly expenses are in relation to what you earn. Make a plan with a budget that tracks your income and spending.

2. Determine needs vs. wants—and cut where you can.

With your budget in place, identify your needs vs. wants. If you lease a vehicle with high payments, consider ending the lease and buying a cheaper, used car. If rent is high, maybe a less trendy neighborhood or new city would bring a cheaper cost of living. Also look at how much you're spending on wants, such as dining out or a new pair of shoes for your collection.

3. Make the most of “monthlies.”

Regular monthly costs add up. Out-of-shape health club memberships, idle public transportation accounts and unread magazine subscriptions aren't cheap. Figure out what you can eliminate.

4. Cut out impulse buys.

If window-shopping usually turns into “Thanks for shopping,” find ways to cut down on unplanned purchases. Spontaneous lunch outings and upgrading to the newest tablet can derail your money goals. When the urge strikes, refer to your needs vs. wants list—and focus on the bigger picture.

5. Take an interest in interest.

If you have a mortgage payment or a car loan, you know interest is a big part of your monthly payment. Find ways to lower interest payments over time by refinancing or making an additional principal payment or two each year. This helps you build equity, reduces the life of the loan and minimizes interest paid.

Tip: Speaking of loans, a one-size-fits-all loan just doesn't work. Choose the loan that's right for you with confidence.

5 tips to simplify monthly bills

Paying your monthly bills on time is one of the most effective ways to maintain good credit and stay on top of your finances. But sometimes it can be a challenge to juggle multiple bills while managing day-to-day expenses.

Making a few quick updates to your routine can help you streamline the bill-paying process so you won't have to worry about late or missed payments. Here's how to start:

1. Create a monthly budget.

Creating a budget can help you track monthly expenses—so you're able to anticipate how much money to set aside for bills. Planning ahead is key, "so there are no surprises and you know what you are committed to," says James Daniel, certified financial planner and president of the Financial Planning Association of Georgia. Budgeting for your bills also helps you gauge how much to spend on fun—without blowing your budget.

Tip: Manage your money with confidence and on your own terms. Choose the checking account that's right for you

2. Set up alerts.

When multiple bills are due at different times of the month, it's possible to miss a deadline. Setting up online bill-pay reminders through your bank is an effortless way to stay on top of upcoming due dates. You can also download a bill-reminder app, like BillTracker.

3. Change the due date.

Consider changing your bills' due dates so they coincide with weeks when you receive a paycheck. This strategy is particularly helpful if you're concerned about having enough funds in your checking account to cover your bills. Some companies, such as credit card companies or student loan providers, might allow you to change your due date, Daniel says. However, he says it's unlikely that you would be able to change your due date for expenses like rent or utilities.

Tip: Not all credit cards are equal. Compare features like points, cash back or other reward programs available so that you feel confident when choosing the credit card for you.

4. Set it aside.

If you have a large expense—like rent or a car payment—try to spread the cost across more than one paycheck. If you're paid biweekly, for example, set automatic transfers from your checking to your savings account on the two days when you're paid. Then, manually transfer the money back over to checking when the bill is due, Daniel says. This approach could give you more room to pay for day-to-day expenses, like groceries, while still paying your bill on time.

5. Automate.

Another way to stress less about forgetting to pay a bill is to automate payments directly from your checking account. This can be helpful for recurring bills that charge the same amount, such as a phone bill or student loans. However, Daniel cautions against automating expenses that fluctuate, such as a credit card bill, because it could throw off your budget if a statement is higher than usual and affects how much you have in your checking account for other bills.

Making a few small modifications to your bill-pay routine can save you time and money. Plus, a consistent history of paying your bills on time can strengthen your credit score, which has the added bonus of earning you better interest rates on bigger expenses down the road.

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