

Controlling Costs

Courtesy of American Financial Solutions

One step toward controlling your costs is to understand and classify them.

Compulsory costs are required – you must pay them, and pay them on time. Compulsory costs include things like health insurance, car insurance, property taxes, car payments, mortgage payments, and income taxes.

Discretionary costs are ones that you could delay for a month or eliminate all together – purchase of a camera phone, jewelry, TV or maybe new clothes would fall into this category.

Needs are things that you and your family must have to sustain life; air, food, water, shelter, clothing and your means to provide them.

Wants are things you would like to have but can live without; cable or satellite TV, dining out, etc.

How much of what you purchase is in the “want” category? Here is an exercise of your willpower that will get you thinking about the possibilities of saving more of your hard earned money.

Use the [One Week Cost Recording Worksheet](#) and follow the simple instructions.

