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## **Lessons Learned from Personal Finance**

Summer has come and gone; my knowledge has grown in leaps and bounds. This semester I enrolled in Personal Finance, FIN-1050, and I cannot praise enough the positive change this class has helped me create. I began this class very much like a new born babe; very wet behind the ears and willing to grow. Please allow me to take a moment of your time to discuss the effect this class had on my life.

One of the tasks we were required to complete centered on a personal spending diary; otherwise known as a DSD. It became essential to keep this detailed spending log on a daily basis. The DSD was to contain detailed information such as date, time, place, purpose, amount spent and purchase type. After eight weeks, a three page summary was to be placed into our ePortfolio detailing what we learned or gained by keeping track of our daily spending.

As soon as I began this assignment, I instantly became aware of my poor spending habits. I had never kept any sort of written record except perhaps a check ledger. My pockets and wallet were soon inundated with receipts that needed to be entered into my DSD. Within the first week I had filled four pages, front to back, of my DSD notebook. I am not entirely sure if this is a significant amount, but to me it was too many. I wanted my DSD to become a shining example of what a DSD should be; so far it was nothing but a dull lump.

Spending money became an intimidating process. I found it very annoying having to enter every little detail. I had most definitely collected a small tree worth of receipts and hand written documentation. I realized within the first two week that you cannot deny your spending habits; the

numbers simply do not lie. I became abruptly aware of my current financial situation and that was a humbling feeling.

Around week three of this DSD “experiment,” I really began to analyze how I was spending my money. I was easily able to identify my spending categories. These categories ranged from “monthly bills,” such as rent and utilities, to “necessities,” such as food and gasoline. The most interesting groups were my “junk” and “entertainment” categories. The “junk” group is exactly what it sounds like. Coffee and candy bars on the way to work, ice cream with the family, comic books for me and the boys, and a million other unnecessary “junk” items. The “entertainment” category is a little simpler; movie rentals, trips to Lagoon, and video games. It was time to “trim the fat” from my DSD.

The first item on the chopping block was the notorious “junk” category. I looked at this from a health perspective instead of a financial one. I limited myself to a dollar amount I was able to spend on “junk” items. I reviewed the amount my DSD was telling me I was spending on these “junk” items and I cut that number by half. I purchased a new coffee machine with the money I saved and completely removed one of the items that was a regular visitor in my DSD.

The “entertainment” category was an easy fix. Instead of staying in and watching movies, we went to our local recreation center and invested in a family pass that included the use of a swimming pool. We now spend more time swimming than we had spent watching movies. The cost was slightly more but we are able to budget the cost of the recreation pass and we avoid the mounds of “junk” that we purchased specifically for movie night. Instead of purchasing new video games we opt for the used ones. These simple changes have created a positive change in my personal life as well as my financial life.

It really is a difference maker when you can see everything as if looking through a microscope. I would never have thought to look into where all of my cash flow was ending up. With that in mind I

began to wonder how I could change other parts of my financial lifestyle. I sat down and pulled out all of my financial records, monthly bills, investment statements, and bank information.

The first thing that grabbed my attention was my insurances; more specifically my auto insurance. Doing a little research, I was able to cut my monthly auto insurance cost by forty percent without losing any coverage. The remaining insurances like health and life all seemed to be in good financial order. My investments are on track and do not require as dramatic an overhaul as my daily spending. Overall I seem to be in a great position.

I would highly recommend this personal finance class to anyone who wishes to gain insight into their finances. I followed the advice of the class text and completed a successful review of my financial health. I have since opened an IRA savings account and readjusted the diversification of my 401(k) retirement account with noticeable improvements. If anything, this class has opened my eyes to things that I knew very little about.

I knew my life had changed during an encounter I had just the other day. A friend came to me and said he is about to receive a sizable windfall. He is afraid that he is going to blow the money and have nothing to show for it. I only had one piece of advice. I mentioned that he should place the money into a short term certificate of deposit in order to lessen his ability to blow the money while gaining a return on his cash investment. Six months ago I would have been the first person to start planting ideas into his head on what he should purchase first.

With that in mind, my way of thinking has forever changed. I now will look deeper into my financial choices. I really must encourage everyone to take a personal finance class. There is no possible way that you will regret your decision.