

Week 5 Tracking Spending & Building Habits

Tracking your spending is one of the most underrated but essential tools in personal finance. Without knowing where your money is going, it's impossible to take control of your financial life. For Gen Z—raised in a world of subscription services, digital wallets, and social media-driven consumption—tracking spending and building smart money habits is key to creating a stable and empowered financial future.

When you track your spending, you gain visibility into your real behavior, not just your intentions. You might think you're only spending \$50 on dining out each month, but once you start tracking, you may discover it's closer to \$150. That discrepancy, while small in the short term, can derail your long-term goals if left unchecked.

There are many different ways to track your spending. You can use traditional pen and paper, a spreadsheet, or financial apps like Mint, YNAB, or EveryDollar. Many banks also provide spending breakdowns within their mobile apps. The method doesn't matter as much as the consistency—tracking needs to become a habit.

Start by logging every dollar you spend for a month. Group expenses into categories such as housing, transportation, groceries, eating out, entertainment, subscriptions, personal care, and miscellaneous. Once you've gathered data, analyze it. Look at which categories are eating up most of your income. Are your spending patterns aligned with your values and goals?

This self-awareness is the first step toward change. If you're spending more on wants than needs or not saving enough, this data gives you the insight you need to adjust. It also creates a sense of accountability. You're less likely to spend impulsively when you know you'll have to log it.

The second part of this week's topic is building habits. Habits are powerful because once formed, they require less willpower to maintain. Instead of constantly making decisions, your brain runs on autopilot. That's why financial habits like setting money aside every payday, reviewing your expenses weekly, and automatically transferring savings are so effective.

James Clear, author of "Atomic Habits," explains that habits form based on a cue, a routine, and a reward. For example, your cue might be payday. Your routine is logging into your banking app and transferring \$50 to savings. Your reward is the satisfaction of seeing your savings grow. Repeat this enough times, and it becomes a habit.

Gen Z faces a unique challenge in building healthy habits due to the constant bombardment

of marketing messages. Influencer culture and digital advertising often promote a “buy now, think later” mindset. Developing the discipline to pause, assess, and choose long-term well-being over short-term gratification is critical.

A good spending habit to start with is the “24-hour rule”: if you see something you want to buy, wait 24 hours. This delay often results in more rational, intentional spending. Another is to set “no-spend days” each week, during which you commit to not buying anything outside of necessities.

Automating your finances can also support habit formation. Set up automatic bill pay, recurring transfers to savings, and alerts when you approach your budget limits. Automation reduces friction and removes the need for constant decision-making.

Finally, reward your progress. If you successfully track your spending for a month or stick to your budget, celebrate in a small, meaningful way. Reinforcing positive behavior makes it more likely you’ll stick with it.

Tracking and habits go hand-in-hand. One gives you the data, the other builds the behavior. Together, they form the foundation for lifelong financial wellness.