

2020 04 Personal Finance Software:

“Moneydance”

Create a new account set

Create new file

Account set name: Something descriptive

Set currency & File type. British Pounds and Standard Account set

Software creates the account set and opens to a new set. It gives you a default Current account and a default Savings account + lots of graphs and reports

A look around the screen

Left hand column – Top to Bottom

Summary

Reminders

Bank accounts

(Credit Cards)

Graphs and Reports

The Right-hand side is split into two columns – edit these to suit. (File | Preferences... | Summary Page).

Moneydance allows for Extensions to be installed – something extra to the base programme, not necessarily produced by Moneydance themselves. I use one such extension – the Money Foresight Forecast and have it displayed in the middle of the left-hand column.

So, the first thing we would perhaps want to do is add some accounts. Before that though I want to look at Categories.

Categories

Categories allow you to identify what you are spending your money on be it petrol, groceries, entertainment, dining out or whatever. Categories may have sub-categories, (Motoring: then Petrol, & Servicing perhaps). Moneydance comes preloaded with a whole host of Categories – but they may not suit your needs. So lets edit those to start with – and perhaps edit them to give a British name rather than an American term. We can delete the unwanted ones, rename those names we don't like and promote some subcategories to the root (top) level and demote some categories to be part of a single higher category. We, for example promoted 'Groceries' from being a subcategory of 'Personal' to a category in its own right – and the same for 'Restaurant' which I also renamed 'Dining Out'. Go Tools | Categories and edit to suit your needs. You can always come back later and edit some more as you find out what works for you.

Now we can add some accounts

Accounts

Go Accounts | New Account | Select the type of account – in this case a plain Bank account!
Give it a name and fill in the remaining details to suit.

Note that accounts can be nested. In this case our new account is at the root (or top) level. Nested accounts explained in a minute.



Also note that for any new transactions you can have a default category for your spend. Select one that you might use a lot. I selected 'Groceries'.

Working Example

Change to Demo 2. A "Working Example" Based on, but not complete of my regular file set.

Show Nested Accounts, Geoff's, Joint and Sandra's in the LH column

Then elements of the main screen. In particular the top two of the right-hand column. 'Reminders' and the 'Reminder Calendar'.

Reminders

Reminders are great and an essential part of any Personal Finance software. You can set reminders to automatically populate your registers with regular entries. The Water Bill, Gas and Electric, your Broadband & telephone bills, Council Tax, Annual subscriptions and so on.

To set up a new reminder, from the top menus go Tools | Reminders | New Transaction Reminder. The 'Edit Transaction Reminder' window opens. Complete the details as required. The scheduling is quite flexible and should be able to meet anything you require. Two things to watch out for; I always tick the 'Auto-commit' box so that it populates the register automatically, I don't need to get involved*. And secondly make sure you have the right account selected (about ¾ down on the left-hand side) You don't for example want your regular Council Tax bill being paid from your premium bonds!

Add all your recurring bills in one at a time.

* Even for Credit Card bills that will change every month I put a nominal sum in so at least something gets recorded. I can then edit the amount when I've seen the statement from the bank. Click Done when finished.

Shopping

Let's say we've been shopping and come back with a wallet full of receipts.

Take the receipts and create a new transaction for each one against the right account. Select the Account in the left-hand column and then from the file menu 'New Transaction' note the shortcut is shown here Ctrl + N. I use this all the time!

Over a month you might have 20 or 30 entries and during the month you will have had a monthly statement. Now is the time to do some 'reconciliation'. Reconciliation reconciles your figures and amounts to those from the bank. It is the bank of course that is 'always' right, so we are trying to match the two together. You can either work from one bank statement to the next or, as I do, work from your current balance as displayed by your internet banking. This way, you are always up to date. I tend to reconcile my main (busy) accounts 3 or 4 times per month. Others, where there is little traffic once a month.

Reconciliation

To reconcile an account, select the account in the left-hand column and from the top menus go Account | Reconcile (Shortcut Ctrl + B). The first thing we need to do is to enter the end Statement Balance amount. Do this. For credit cards it will be a negative figure; put a minus sign in the front. (ie -£1500.50). The Reconcile Account window then opens. For every transaction that you see on your bank statement that matches up with one in the Moneydance window you can click the entry. You will see a little orange diamond appear in the column marked 'C'.

You might find that your bank statement (or online banking) has further entries than you have recorded. For these, you have just missed them out. In the Moneydance window, in the bottom right of the screen marked Transaction Functions, click the 'New' button and add the missing transaction to your register. Go Ctrl + B to return to the reconciliation window where you can now click that entry to mark the orange diamond. You may find that you have entries recorded that are not in the bank statement (or online balance). These are entries that you might have only made in the past day or two and have not yet been processed by the bank or perhaps a cheque that you have written that has not yet been cashed in. This is not a problem, just ignore these lines.

When you have been through all the entries on your statement and added in any missing entries from your Moneydance register the difference as shown at the bottom right of the Reconciliation window should be £0.00. If so, great, well done. If not, then you need to see what is missing or where you have gone wrong. When you've got the difference to £0.00 you can click 'Done'. The reconciliation window closes, and the orange diamonds now change to green circles in the register. So, looking at your register, you can say for certain that the point up to the last green circle is an accurate reflection of your bank account status.

End of month Balances

How it works in practice. On a personal note, me and wife have both been married before and I suspect like many people have kept our individual accounts and share joint account/s. To ensure a fair distribution of expenses we have agreed that some categories are 'Joint', and some are 'Personal'. The 'Joint' categories include things like Groceries, Petrol, Dining Out, Gardening, Household, Holidays & Pets. All things we share, and the personal ones are of course personal to each of us.

You might think that we buy all the joint expenditure on a joint credit card – we don't. We just use our own credit cards then I run a report at the end of the month that selects the joint categories from my expenditure and then a similar report for Sandra's joint expenditure, I compare the difference and the Joint account credits either one of use with that difference so the expenditure is equal.

Transfers

You can transfer money from one account to the other. Select the account money is coming *from* in the left hand column, start a new transaction (Ctrl +N) and when you get to the category column, scroll to the *top* of the list where you can select one of the other accounts. Enter the amount and complete the transaction. Job done. For confirmation you could now open the receiving account and view the other side of the transaction there. Note that you will still have to go through your online banking and complete the actual transaction for real.

However, some of the Personal Finance Software packages will do this for you. Likewise, you can link an account in your software package and download cleared transaction seen by your bank direct into your register – it saves you entering them manually.

Graphs & Reports

There are plenty of Graphs and Reports to view and customize from the left-hand panel. Select one and then edit it to suit – either by the accounts it shows, the categories or the time period. To save you doing this again next month, you can 'Memorize' it. This works well, as an example my End of Month reports select either mine or Sandra's Accounts and the categories we have agreed that are joint. The time period is 'Last Month' so if I run the report now it will show figures for March and if I run it at the beginning of May it will show figures for April.

We have only just looked at the basics for PFS. It can do much more. Many are free and the paid version normally give you a free trial. Try then out, see what works for you and let me know how you get on.