



“By far the **best personal finance budgeting, spending tracker, and planner** I have ever used.”



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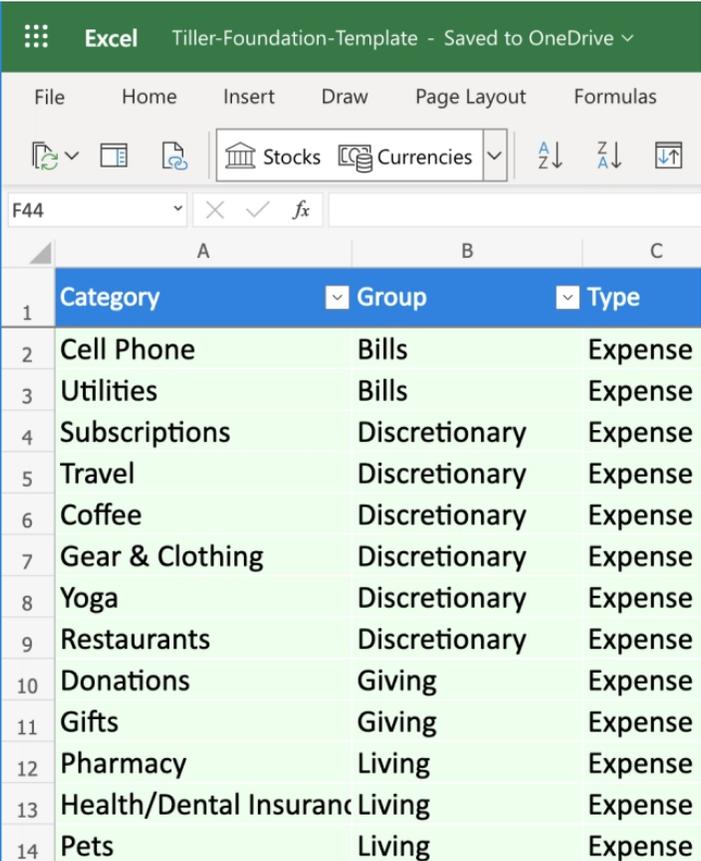
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Categories are Personal: A Guide to Picking the Right Categories for You

By Joseph Fieber - On June 9, 2022



Customize your categories to match how you think about your money and your financial goals.



	A	B	C
1	Category	Group	Type
2	Cell Phone	Bills	Expense
3	Utilities	Bills	Expense
4	Subscriptions	Discretionary	Expense
5	Travel	Discretionary	Expense
6	Coffee	Discretionary	Expense
7	Gear & Clothing	Discretionary	Expense
8	Yoga	Discretionary	Expense
9	Restaurants	Discretionary	Expense
10	Donations	Giving	Expense
11	Gifts	Giving	Expense
12	Pharmacy	Living	Expense
13	Health/Dental Insurance	Living	Expense
14	Pets	Living	Expense

As a core feature, Tiller imports transactions from all your linked financial accounts. Having all of those transactions in one spreadsheet is great, but without a way to organize them, it doesn't do you much good.

That's where "Categories" come in. Once you've assigned categories to your transactions you have a way to get more information about your money.

You can now see where your money is coming from, and where it is going. You might be wondering though, what categories should I be using? That's not such a simple question. Let's look first at how Categories fit into Tiller's organizational system.

Organizing Transactions

Dental	04-Health	Expense ▼
Fitness	04-Health	Expense ▼
Health	04-Health	Expense ▼
HealthInsurance	04-Health	Expense ▼
Medical	04-Health	Expense ▼
Medications	04-Health	Expense ▼
Mental	04-Health	Expense ▼
Supplements	04-Health	Expense ▼
Vision	04-Health	Expense ▼
Electricity/Gas	05-Utilities	Expense ▼
Garbage	05-Utilities	Expense ▼
Internet	05-Utilities	Expense ▼
Phone	05-Utilities	Expense ▼
Water/Sewer	05-Utilities	Expense ▼

To understand our income and expenses, we need to find patterns or trends. The best way to do this is to organize them. Tiller provides a number of ways to organize your transactions:

Type

Transactions in Tiller are assigned one of three types: Expense, Income or Transfer. Your money's either being earned, spent, or moved around. Since moving money around doesn't usually matter as much, transactions of the type Transfer usually end up hidden in most templates/reports.

Group

Within each Type, you can create Groups. Groups are just ways of linking Categories together so when you look at templates/reports, you can easily have a higher level of understanding of your income and expenses.

Category

Categories are the main tool for organizing your transactions. You can have as few or as many as you want, but for performance reasons, you should try to stay below 200.

Tags

Though not used as often, [Tags](#) are an optional component in many [Tiller Community Solutions](#), and can provide another way of organizing

transactions.

Most templates/reports in Tiller break down transactions by the Income and Expense types. Within those, templates like the Monthly or Yearly Budget use Groups, and within each Group, Categories to break down earning and spending. A few select templates, like the [Tags Report](#) use Tags.

Searching for the Perfect Categories

In the [Tiller Community's Discussion section](#), the article with the most views is about [how to pick categories](#). And it doesn't just have a few more views than the next largest, it has almost 3 times as many views as the next most viewed post.

As you browse through, you'll see many people have posted what they use for categories. It varies greatly, with some people having just a few, and others having dozens.

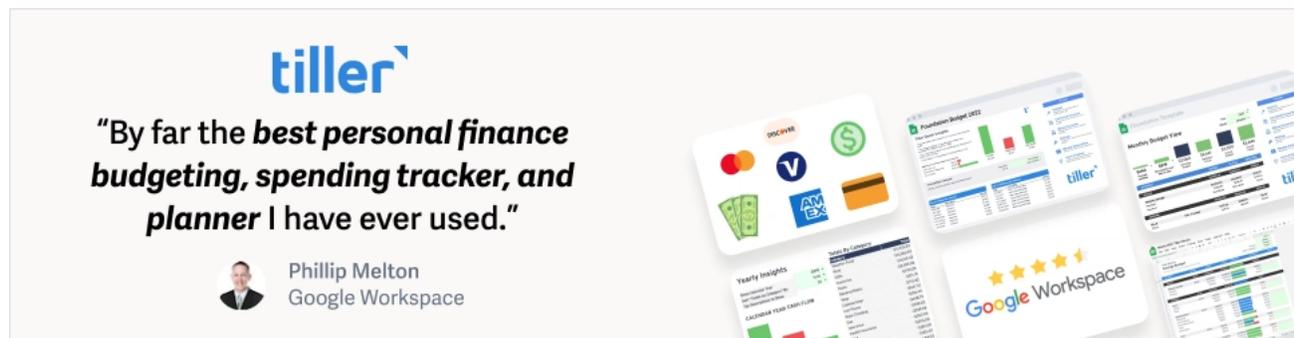
There are many other posts like it, hoping to get some insight from how others have set up their categories.

I get the sense that a few people are happy with what they have, but many are looking for something better, hoping someone will share the "right" list, or show the way categories "should" be done.

From reading that very long post, and category-related articles on the Internet, and creating and refining sets of my own categories, I've come to the conclusion that there isn't one way that will satisfy everyone.

Categories are personal, what works for you probably won't work for me, and that's because we all have different goals with our money.

Decisions, Decisions



Before you can decide on which Categories to use, you need to step back.

Why do you need categories? As mentioned above, they help us group together transactions.

Why group together transactions? To get a better understanding of how much or how little is being spent, and how it's being spent.

And why is that important? Ahh, that's what you need to focus on: Which areas of your savings/spending do you need a better understanding of and why. What are your goals in using Tiller? Someone that isn't overly concerned about how their money is being spent probably won't need many categories. On the flip side, someone that is very concerned will likely need more.

In my case, my family spent more than we earned last year, a trend we don't want to continue. We need to understand where our money is going so we can find ways of reducing our spending. There are a few specific areas that we know we can improve on, but the only way to know if we're making progress is to be able to track it ("If you can't measure it, you can't improve it").

For this reason, I currently have 65 categories organized into 14 groups (and I'm using Tags to get even more specific in certain cases).

Though I can share my category list with you (which I've done in a [spreadsheet](#) linked to this [posting](#)), it won't be of much use to you other than inspiration. Your situation is different, your earning and spending is different, your concerns are different.

Category	Group	Type
Food	01-Food	Expense ▼
Food-Her	01-Food	Expense ▼
Food-Him	01-Food	Expense ▼
Birds	02-Pets	Expense ▼
Cats	02-Pets	Expense ▼
Dogs	02-Pets	Expense ▼

A Strategy for Organization

So, knowing that no one else can tell you what categories to use, how do you choose for yourself? The method that worked for me was to first decide what areas needed my attention. In our case, here are three examples of areas we were spending too much on: food, personal items, and pets.

Food

Where some people might just have a 'Food' category, or 'Food' and 'Restaurants', we needed to get more in-depth. COVID changed our eating habits. Spending in restaurants dropped to almost zero. We weren't eating together as often, and purchasing individual meals for each family member proved more expensive than making shared meals.

To help remedy this, we've made an effort to share meals more often, and have expanded our categories to track the effects.

Besides a 'Food' category for food items that are shared, we also have 'Food-Him' and 'Food-Her' as categories (yes, this requires splitting grocery transactions). It's some extra effort, but we can now see in the Monthly Budget template how much we've spent, and how much we have left, based on the budgets we've set.

Personal Items

Some may get by with a simple 'Discretionary' category. We were shopping too much and needed to change that. In order to hold ourselves to a budget, we needed to establish categories we could set monthly budgets for, so we created 'Personal-Him' and 'Personal-Her' categories. Now we each have a budget and can spend guilt-free until we hit the limit. Then there's hell to pay!

Pets

We have 2 cats, 3 dogs, and 5 parrots (I sometimes refer to our house as a zoo), so we end up with a lot of Pet-related transactions.

Understanding where our money is going is helping us determine strategies of how to spend less.

We created a group called "Pets", and three categories called "Birds", "Cats" and "Dogs". Within that, we use tags to further categorize Meds, PetFood, Grooming and Vet (and use the [Tags Report](#) to see breakdowns). Doing this helped us understand where the biggest differences could be made. With a better understanding of our spending, we found a more reasonably priced veterinarian, and were able to locate less expensive but equally healthy foods. Tracking these also helps us know when the budget should expect an uptick in spending (we often take multiple pets to the vet at the same time, which can result in a large transaction).

Once you've decided the areas you need to focus on, you should choose a way of organizing them into a hierarchy so you can get the most useful information possible. The top-level (Type) is pretty easy, it's either Income or Expense. Groups can make a big difference. By grouping together your categories, you can learn more. In my instance, I combined the categories "Birds", "Cats" and "Dogs" into a group called "Pets". Now in the Monthly Budget sheet, I can not only see what we spent on Birds, but I can also see what we spent overall on Pets. The same is true for food. I can see how much I spent in my "Food-Him" category, but I can also see what we spend in the "Food" group, which includes the "Food", "Food-Him" and "Food-Her" categories.

So is it best to start at the bottom, with very specific categories, and then organize up, or start at the top with general groups, and then figure out which categories to create within? In our case, we started with some specific categories and then organized them into groups. Once we did that, though, we realized there were other areas of interest that were missing, and once they were added, the groups needed some adjusting, so we ended up going back and forth a bit with them until we felt we had everything covered. That is one of the great things about Tiller, you can always go back and change your categories, and change which ones are assigned to each transaction. It's fully customizable.

When You Are Finished

When you finally reach the point where you are in "Category Nirvana", don't get too comfortable. You created these categories for specific reasons. Once those reasons are realized, your needs may change.

In my case, the hope is that our spending habits will change as we get used to our newly enforced budgets. As that habit develops, we may no longer need to track our food categories or personal categories as tightly. At some point, perhaps we get rid of 'Food-Him' and 'Food-Her' and just track 'Food'.

The point of the category was to allow us to see what we were spending, with the goal of changing our spending habits. Once those habits change, the categories are probably not needed anymore.

So, are you happy with your categories? Do you know why you chose the ones you did? Have another look at your 'Categories' sheet and decide if

you're capturing the information you need to best understand your earning and spending habits.



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