



YOUR FAMILY'S BUDGET

Does your budget have bumps and bulges? Does your spending plan need to go on a diet? It takes work, but you can get your spending in shape. To do so, you need to know how to

- ✗ Plan ahead for some expenses.
- ✗ Match your expenses with your income.
- ✗ Organize your money files and bills.
- ✗ Change your spending habits, if you want to.

Plan Ahead for Some Expenses

What do you spend your money on? Rent? Food? Clothes? Utility bills? Do you ever wonder where all the money goes? Some money is “phantom” money – spent on snacks, parking, magazines – it just seems to disappear from your wallet.

Watch for “phantom” money spending. Keep track of all the money you spend for 1 or 2 weeks. Then ask yourself, “**Do I really want to spend my money on these things?**” For example, 50 cents a day for a soda adds up to more than \$125 a year. You may decide to save that 50 cents for a vacation or a new coat instead.

Besides rent, food, clothes, and utility bills, you have many other expenses. What are they? When do they occur? If you can plan ahead and set aside some money, these expenses won't become “budget busters.”

Make a Spending Calendar to help you plan ahead. When are birthdays in your family? How much do you want to plan to spend

on holiday gifts? When is the insurance payment due? When is car registration due? List each month during the year with the expenses you expect at that time.

Be sure to include “unexpected” expenses or emergencies. When your bald tires blow out, is it unexpected? In most cases, unexpected expenses are really just things we neglected to plan for. You can expect things to break and your family to get sick each year. Set aside a small emergency fund for those expenses if possible.

Matching Expenses and Income

Now you're ready to try to match expenses with income. Just follow the steps and use the Family Spending Plan on page 3 to set up your own spending plan.

Step 1. On the top line, write down the income you expect from each check (money from your job, child support, public assistance). You may receive income weekly, every other week, monthly or quarterly. Use one column for each pay period.

Step 2. In the top half of the worksheet, list your fixed expenses. Some of them are listed for you – you can add others. Check your Spending Calendar to add other fixed expenses you have. You may need to spread some expenses over two or more checks.

Example: If you get paid weekly and your monthly rent is \$400, you need to set aside \$100 a week.

Example: If you get paid weekly and your car insurance is \$182 every six months, you need to set aside \$7 a week.

Step 3. As you list an expense, subtract it from the amount left from your pay.

Step 4. List your flexible expenses in the lower part of the worksheet. Some of these are listed for you – you can add others. Again, check your Spending Calendar to add other flexible expenses you have. You may need to spread some expenses over several pay periods.

Example: If you get paid monthly and your weekly grocery bills are about \$70, you need to set aside about \$280 for food.

Step 5. As you list an expense, subtract it from the amount you have left from your pay.

Organizing Your Money Files

Paying bills on or before the due date saves money by avoiding late fees and extra finance charges. Paying bills when they are due protects your credit rating, too, so you can get credit at lower interest rates. Paying on time prevents disconnection of utilities or other services, eviction, and repossession of goods.

When you have lost control of your finances, a good way to regain that control is to use the envelope system.

Make an envelope for each expense category you have – rent, groceries, telephone, electricity, etc. – by writing the name of the expense on the outside of the envelope. On the envelope, write how much you think you will need to spend on each of these categories and the due date.

When you receive income, separate the money into the envelopes for expenses that are due before your next payday. Then pay these bills. Be sure you ask for and receive receipts for your payments and file them in your “paid bills” envelope or the envelope for that category.

When buying with cash, always get a receipt. Place receipts in the appropriate envelope. For example, keep all food receipts

in your food envelope. This will help you to remember how much you spent during the month and help you to plan better for the coming months.

Making Changes

You may find that you can't always pay your bills. It's not always possible to save money from one check to the next. When this happens, you'll need to look for ways to spend less.

1. **Find the best buy.** Look in several places – catalogs, newspapers, two or three stores (perhaps including a secondhand store), and garage sales. Spend time looking before you spend your money.
2. **Use wisely.** Make the things you buy last longer by taking good care of them. See if you can find ways to make the clothes you buy last longer and keep the food you buy from spoiling.
3. **Substitute.** When you go to buy something, ask yourself if a lower-priced item will do the job just as well. Use store brands and generics instead of name brands. Or rent a movie instead of going to a theater.
4. **Share it.** Stretch resources by sharing with neighbors and friends. Chip in to buy larger amounts at lower unit prices (for example, a bushel of apples shared with four families). Join car pools.
5. **Find it free.** There are some items that are available for free. Use public parks and playgrounds instead of expensive health clubs for exercise.
6. **Rent or borrow it.** When you need something for a short time, it could be cheaper to rent it than to buy it. Rented or borrowed items must be returned in good condition. Borrow books, records, and videotapes from the library rather than buying them.
7. **Trade or swap.** Do you have things in your home that you no longer use? Can you trade them for things you need? Do



Family Spending Plan					
Income	\$	\$	\$	\$	\$
Fixed Expenses					
Rent/Mortgage	-				
Installment payments	-				
Utilities (cable or satellite TV)	-				
	-				
Flexible Expenses					
Food	-				
Transportation (gas, oil, fares)	-				
Utilities (phone, water, electric, gas)	-				
Fun money (entertainment)	-				
Personal spending money	-				
Balance					

This material was adapted from Money & You, a multi-state educational program of the Arkansas, Louisiana, and Mississippi Cooperative Extension Services.

you have talents or skills you could trade with your neighbors – can you trade time babysitting for help with home repairs?

8. **Make it.** Sometimes it's cheaper to make something than to buy it, but it means you must use your time and skills. Make sure the cost of materials is cheaper than buying the finished product.
9. **Watch “phantom” money.** Keep track of the money in your wallet. Cut back or cut out spending on snacks, phone calls, movies, magazines, eating out, and

record/book/videotape clubs.

10. **Don't buy it.** Ask yourself if you really need this item or if there's something you want even more. Learn to say no to yourself, to your children, to salespeople, and to things you feel pressured into buying. Doing without one item can help you get something else you want more.

*For more information on money management,
ask your local MSU Extension office for family
financial publications or visit the
MSU Extension Service website:
<http://MSUcares.com>*



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