

**First Things First:** Here are some tips to get you started on creating your own monthly spending plan:

- **Be realistic:** Keep track of what you *actually* spend, not what you *think* you spend.
- **Be specific:** Knowing right where your money is going will also help you to make choices and to make changes.
- **Allow for the unexpected:** Life never fails to throw a few curve balls. Having an emergency fund or savings for those expenses that are likely to come up in the future – like car repairs – will keep you from blowing your budget or having to take on debt.
- **Get organized:** Set up a regular time for paying bills and a specific place for sorting and filing paperwork.
- **Prioritize:** Most financial experts would agree that top budget priorities are to keep up with housing-related bills, car payments, and basic living expenses.

Ideally, your spending reflects what's most important to you:  
*Are you happy with where your money is going?*

If you've already tightened up your budget and cut out all the extras over the past few years, there may not be any more places left to trim. Really big cuts in your budget usually call for bigger lifestyle changes, such as selling a car or getting a second job.

The sooner you get a handle on your household budget, the more options you have and the better off you will be in the long run. Consider meeting with a budget counselor to review your options.

For more information about prioritizing bills and working with creditors, check out these resources:

- *"Managing Your Personal Finances in Tough Times"* at [fyi.uwex.edu/toughtimes/](http://fyi.uwex.edu/toughtimes/)
- For help with creditors, see [www.debtadvice.org](http://www.debtadvice.org).
- For help with your mortgage, call 1-888-995-HOPE or [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)
- The state of Wisconsin and the federal government offer many programs to help you find financial security. See: [access.wisconsin.gov](http://access.wisconsin.gov)

## Cutting Back and Keeping Up: *Where to start when money is tight*



Are the costs of everyday living overtaking your paycheck?

Here are steps you can take to get a handle on your finances.

# When Money is Tight

It's okay to let others know that there's less money coming into your home. Talk with your family about the changes that might need to happen at home.

Children can be part of the solution when you let them know that some purchases can't be made or some activities will need to be cut or postponed. Your teens might already be contributing to the family budget through a part time job.

Families often come out stronger when everyone pulls together.

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## 1. Figure out how much you have to spend.

- Look at check stubs or bank statements to see what your 'take home' pay has been recently.
- Project any income changes you think may be coming. To figure out a 10% drop, multiply your take home paycheck by 0.9 and that amount will be how much money you'll have coming in.



## 2. Track how much you are spending

- Start with monthly housing payments, utilities, insurance, car payments, and other regular expenses for debts or critical items, like school or medical care.
- Then add in those other expenses that might come up during the month, such as car or home repairs, clothing, haircuts, gifts, and other occasional bills.

## 3. Figure out where you can reduce your spending.

- First, look at ways to cut costs on current expenses. Can you cook at home and pack a lunch instead of eating out, or maybe drop utility or TV options? Where can you spend less often or more cheaply?
- Next, think about what you can cut out entirely, such as major purchases, vacations, or other extras.
- Finally, look at the pros and cons of reducing the costs of any benefits or insurance premiums. Can you increase your deductible or lower benefit levels?

## 4. Explore ways to increase your income.

- Take advantage of any tax credits or benefits that you might qualify for if your income has dropped.
- Depending on your situation, you might consider selling assets, investments, or property to help you come up with cash to pay down debt. But beware of taxes or penalties on any retirement withdrawals.

## 5. Make a plan to keep up with bills.

- If you can't pay your bills, contact your creditors. Be sure to call them **BEFORE** they call you.
- Contact a credit counseling agency if you feel like you can't keep up. See [www.debtadvice.org](http://www.debtadvice.org).
- Try not to take on any new debt. Borrowed money can help temporarily, but means more bills and higher payments later.

*If you find your credit card balance growing each month, this could mean trouble. You might be relying on credit to make ends meet. Plus, minimum payments due can quickly become hard to keep up with.*