



How Much Will It Cost? And Can I Afford It?

Module Notes:

Identifying total cost of rental units.

How to compare rental units based on total costs.

Budgeting income and expense.

Remember:

One reason budgets don't work for many of us is that our spending and expenses change weekly or monthly.

Tracking your spending lets you stay on top of where your money is really going. It gives you the big picture for all of your spending during the month.

If your monthly expenses are consistently higher than your monthly income, you have 3 options:

- cut back on spending
- increase your income
- both

Many banks/credit unions offer online bill paying, tracking, text messages, online piggy banks for saving money, and other features.

Questions to Consider:

- What do the ads tell you about the cost of a unit?
- What are your main sources of income that can be counted on for Creating a Spending Plan? Do you have income from other sources, other than wages, or non-cash income such as Food Share?
- What are your largest monthly expenses?
- How will you track spending and reduce spending if needed?

References and Resources:

Free programs for tracking spending:

<http://www.mint.com>

Mobile Apps:

<https://www.billguard.com>

<https://www.levelmoney.com>

References to websites used in this publication are for your convenience and not an endorsement of one product over other similar products.





What Do the Ads Tell You?

Before making a decision on which each rental unit to visit, determine and compare the total costs—rent, any utility charges, and other possible costs, such as parking.

Call the number listed for a unit and find out needed information on the cost of the unit. Ask such questions:

- What is the address of the unit?

- What is included in the rent?

- What utilities does the tenant pay? What is the hook-up charge? Is there a deposit for utilities? Is it refundable when lease ends?

- How much have these costs been in the past?

Landlords should provide this information; however, it is the renter's responsibility to ask for it. If you have the address, you can get information on past usage by calling the utility company.

- What other costs could the tenant be expected to pay? (i.e. pet deposit, parking, garage, damage deposit, etc.)

For Activity 2: Use the answers to these questions to fill in **Handout 2** and compare costs.





Comparing Rental Costs

When looking for a place to live, check out all the costs. Before applying to a rental unit or signing a rental agreement or lease, ask questions to determine all of the costs you would be expected to pay. Use the chart to help you compare the total costs of rental units.

Unit	#1	#2	#3
Expense (initial cost)			
Security deposit			
Application deposit*			
Other (for example, 1 st & last month rent)			
Total	\$	\$	\$
Monthly Cost			
Rent			
Utilities			
Water & sewer			
Trash pick-up			
Parking			
Garage/storage			
Cable			
Internet			
Maintenance (for example, lawn, snow)			
Laundry			
Transportation			
Other			
Total			
Money needed 1st month	\$	\$	\$

*A landlord may charge a prospective tenant the actual cost (up to \$20) to obtain a consumer credit report ONLY from a national consumer reporting agency. The landlord must notify the tenant of this charge before requesting the report, give the tenant a copy of the report and allow the tenant to provide their own report if it is less than 30 days old.

*If landlord requires tenant to pay an earnest money deposit with rental application, landlord has 3 business days after accepting the deposit to accept the tenant or return the earnest money. If the landlord rejects the rental application, the landlord must return the entire earnest money deposit to the applicant by the end of the next business day after rejecting the application. If an applicant decides not to rent after the landlord accepts their application, the landlord may withhold actual costs or damages from the deposit.

LANDLORD TENANT GUIDE–2016 (Department of Agriculture, Trade and Consumer Protection)





Module A: HOW MUCH WILL IT COST? AND CAN I AFFORD IT?

When You Need to Reduce Expenses

Don't buy it	Use wisely	Rent or hire
Borrow/Share	Find the best buy	Find it free
Substitute	Make it	Trade/Barter

Ask:

1. Can I substitute a less costly item? Buy it cheaper?
2. Are there opportunities to cooperate with others by trading or sharing resources?
3. Can I save if I do it myself?
4. Can I do it less often?
5. Can I do without?
6. How can I conserve resources and avoid waste?

Expense Examples

Housing:

1. Share a rental unit with a friend.
2. Rent smaller rental unit.

Transportation:

1. Find an a rental unit close to where you work so that you can walk.
2. Use public transportation if available.
3. Carpool.

Food:

1. Prepare cost-effective meals at home.
2. Use Food Share and limit food purchases beyond that.
3. Limit eating out and snack purchase (vending machine and convenience store).
4. Use food pantries, commodities and cheaper/generic food products.
5. Make a list before you shop and only buy what is on the list.

Clothing:

1. Buy at used clothing stores and garage sales.
2. Buy store brands, not designer clothes.
3. Watch for coupons and store ads.

Technology:

1. Check for ways to reduce/remove monthly cable/satellite (fewer channels).
2. Check for ways to reduce cell phone (family plan, less data).
3. Check for ways to reduce internet (reduce speed).





Set Up a Spending Plan

Setting up a spending plan includes:

- Figuring out your average monthly income
- Identifying financial goals
- Keeping track of your average monthly living expenses

Figure out your monthly income. If you use your “take-home” pay amount, then taxes and some other expenses may already be taken out for you. If you work seasonally, divide up what you can spend from that income each month during the year.

INCOME SOURCE	AMOUNT
Paycheck	
Paycheck	
Tips/Bonuses/Commissions	
Interest/Dividends	
Grants/Financial Aid (If you get a lump sum, divide up what you can spend each month during the school year - after you have paid tuition)	
Child Support	
Public Assistance	
Social Security	
Other Income	
Total Monthly Income	

Identify financial goals. The reason to have a spending plan is to make sure that you’re spending your money on things that are the most important to you. For each goal, figure out the total amount needed, the date you want to reach your goal, and how much you need to save monthly. For example, if you want \$400 in your emergency fund in one year, you need to save around \$33 every month.

Financial Goals	Total Amount Needed	Date Needed (in months) (6 months, 24 months, etc.)	Amount to Save Monthly (Divide the total needed by the number of months)
Emergency Fund			
Total Monthly Savings			





Module A: HOW MUCH WILL IT COST? AND CAN I AFFORD IT?

Keep track of your monthly **debt payments**. The more debt you have, the less money you have left to cover your other monthly living expenses. If you can, try to pay more than the minimum due.

DEBT PAYMENTS	TOTAL BALANCE	MONTHLY PAYMENT
Credit Card:		
Credit Card:		
Credit Card:		
Loan		
Medical Bill/Dental Bill		
Past Due Utility		
Other:		
Other:		
Total Monthly Debt Payments		

Keep track of your average **monthly spending**. To figure out your monthly spending, look at your bank/ credit union statement and credit card bills. For cash purchases, try writing down how much you spend during the month in a notebook or calendar you carry with you. You can be as specific or general as you want, but here are some categories to get you started.

FIXED EXPENSES (Expenses that stay the same every month)	MONTHLY AMOUNT
Rent or Mortgage	
Vehicle Payment	
Monthly Insurance Payments: Vehicle	
Renter's or Homeowner's	
Life	
Health	
Taxes (estimated tax payments above and beyond monthly withholding from your paycheck)	
Child Care	
Child Support	
Other	
Total Fixed Monthly Expenses	





Module A: HOW MUCH WILL IT COST? AND CAN I AFFORD IT?

FLEXIBLE or VARIABLE EXPENSES (Expenses that might change a little each	MONTHLY AMOUNT
Housing Costs:	
Electricity	
Gas or Oil for heating home	
Water/Sewer	
Garbage	
Telephone or Cell Phone	
Cable or Satellite T.V.	
Internet	
Household Supplies (Toilet paper, cleaning solutions, etc.)	
Household Furnishings	
Transportation:	
Gas for Vehicle(s)	
Vehicle Expenses (oil changes, repairs, etc.)	
Other: Public Transportation, Parking Permits	
Personal Items:	
Hair cuts, make-up, shampoo, etc.	
Clothing	
Laundry or Dry Cleaning	
Prescriptions	
Doctor/Dentist	
Personal allowance (“fun money”)	
Groceries	
Work/School Lunches	
School Supplies	
Pets	
Other	
Total Monthly Flexible or Variable Expenses	





Module A: HOW MUCH WILL IT COST? AND CAN I AFFORD IT?

DISCRETIONARY EXPENSES (You may or may not have these expenses every month)	MONTHLY AMOUNT
Going Out (above and beyond “fun money”)	
Hobbies/Clubs	
Contributions/Donations	
Gifts/Cards: Birthdays	
Holidays	
Other	
Stamps/Postage	
Newspapers/Magazines	
Lessons	
Dues	
Alcohol	
Cigarettes/Tobacco	
Pop/Candy/Snacks	
Other	
Other	
Total Discretionary Expenses	

Identify infrequent expenses. Some of these expenses you may already be paying monthly. But if you pay any of the following expenses annually or quarterly, be sure to plan for them. For example, if you pay \$300 towards your car insurance four times a year – for a total of \$1200 a year – that means you need to save \$100 a month to have enough money for your quarterly payments. Be sure to include these infrequent expenses in either your monthly savings plan or your monthly expenses.





Module A: HOW MUCH WILL IT COST? AND CAN I AFFORD IT?

ITEM	J	F	M	A	M	J	J	A	S	O	N	D	TOTAL AMOUNT	MONTHLY AVERAGE (divide the total by 12 months)
Vehicle Registration														
Insurance: Vehicle														
Life														
Health														
Property/ Rental														
Other														
Gifts: Holidays														
Birthdays														
Dues														
Subscriptions														
Tuition														
School Supplies														
Property Taxes														
Estimated Tax Payments														
Other														
Other														
MONTHLY TOTALS														

Now add up all of your monthly savings and expenses:

TOTAL MONTHLY EXPENSES	AMOUNT
Total Savings	
Total Debt Payments	
Total Fixed	
Total Flexible/Variable	
Total Discretionary	
TOTAL EXPENSES =	





Module A: HOW MUCH WILL IT COST? AND CAN I AFFORD IT?

Then subtract your total expenses from your monthly income:

INCOME MINUS EXPENSES	AMOUNT
Total Monthly Income	
Total Monthly Expenses	
Income Minus Expenses =	

Ask yourself:

- Does your income cover all of your living expenses and savings goals?
- Or are you running out of money by the end of the month?

If yes, go back over your *flexible* and *discretionary* expenses and look for small ways to cut back. Start with those expenses that are not as important to you.

If your monthly expenses are greater than your monthly income, there are 3 options:

- Cut back on monthly spending
- Make more money
- Do both

Sometimes more money can come from a raise at work, turning a hobby into second job, getting a tax refund, or having a rummage sale. Tracking your spending will help you find places where you can trim expenses—even if it's just for a short time.

Prepared by: Peggy Olive, Family Living Agent, Richland County UW-Extension, 2005.
Sources: Financial Counseling Training and Resource Manual, *University of Wisconsin-Extension, April 2003.*
Money 2000: Taking Control of Your Spending, University of Wisconsin-Extension, 1999.





Paying the Rent—On Time, Every Month

When using the payment calendar system, each payment should be written on the due date along with who must be paid and how much. The sample below lists the due dates and costs for rent and utilities. The calendar is also used to track income – paydays and the amount earned. As illustrated in the sample, to keep expenses throughout the month as even as possible, set aside money from each paycheck to cover the rent and spread the remaining payments for other expenses out over the month.

Tip: Write down how monthly bills will be paid before spending ANY money.

In this example, the \$450 rent divided by 4 (number of paychecks) = \$112.50. Set aside this amount from each paycheck.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Rent due \$450	2	3	4	5	6 Payday \$240 \$112.50 for rent	7
8	9	10 Cable due \$45	11	12	13 Payday \$240 \$112.50 for rent	14
15	16	17 Heat and electric due \$65	18	19	20 Payday \$240 \$112.50 for rent	21
22	23	24 Phone due \$40	25	26	27 Payday \$240 \$112.50 for rent	28
29	30	31	1 Rent due \$450			





Track Spending

Most of us have a good handle on the cost of our fixed monthly expenses—that is, those bills that stay the same month after month. It's those expenses that change a little, or a lot, each month that can really throw you off. If you have a hard time figuring out where your money goes each month, there are many different ways to track your spending.

- **Notebook:** When you spend money, write it down right away. Keep a pen and paper in your pocket, car, or purse.
- **Receipts:** Put your receipts in a folder or envelope and add them up at the end of the month. Didn't get a receipt? Write the amount on the folder.
- **Calendar:** If you're used to looking at a calendar every day, write down what you spend, what bills were paid, and income received in your calendar.
- **Checkbook:** Look through your checkbook register for check and debit purchases. Or look through your monthly bank/credit union statement.
- **Envelope Method:** If you usually spend cash, put your spending money for the day or week in an envelope. When you take cash out, put your receipt in or write your purchase on the envelope. You can also divide your expenses into categories like "groceries" or "entertainment" if you're trying to limit your spending. When one envelope is empty, the money has to come out of another envelope—you decide based on what is most important.
- **Computer:** Enter your spending and income into a computer program that totals up your cash flow for you at the end of the month. Check for fees for programs and apps for tracking spending—some are free, others have costs involved.
 - **Free Programs:** <http://www.mint.com>; <http://icash.en.softonic.com/>
 - **Mobile Apps:** <https://www.billguard.com>; <https://www.levelmoney.com>
 - **Fee Programs** <http://www.quicken.com/>; <http://download.microsoft.com> search—Money Plus Sunset
- **Bank/Credit Union:** Many banks/credit unions offer online bill paying, tracking, text messages, online piggy banks for saving money, and other features.

Why track your spending?

The biggest reason budgets don't work for many of us is that our spending and expenses change weekly or monthly. When you're trying to stick to a spending plan, it's easy to get discouraged the minute you go over.

Tracking your spending lets you stay on top of where your money is really going. It gives you the big picture for all of your spending during the month. After all, what really matters is how far ahead or behind you come out at the end of the month.

If your monthly expenses are consistently higher than your monthly income, you have **3 options: cut back on spending, increase your income, or do both.**

References to websites used in this publication are for your convenience and not an endorsement of one product over other similar products.





Pocket Spending Tracker

<i>SUNDAY</i>	<i>MONDAY</i>	<i>TUESDAY</i>	<i>WEDNESDAY</i>
Total Spent: Thoughts:	Total Spent: Thoughts:	Total Spent: Thoughts:	Total Spent: Thoughts:
<i>THURSDAY</i>	<i>FRIDAY</i>	<i>SATURDAY</i>	TOTALS SUN \$ _____ MON \$ _____ TUE \$ _____ WED \$ _____ THU \$ _____ FRI \$ _____ SAT \$ _____ TOTAL \$ _____ Notes on Back
Total Spent: Thoughts:	Total Spent: Thoughts:	Total Spent: Thoughts:	





Small Change Adds Up Playing Board

Draw a strategy card from the pile, read it, talk over the action suggested, and decide together where to put the card on the board. Work with one card at a time.

<p>STRATEGIES/SKILLS I regularly use</p>	<p>Place card here</p>
---	------------------------

<p>STRATEGIES/SKILLS I could work on or use more regularly</p>	<p>Place card here</p>
---	------------------------

<p>STRATEGIES/SKILLS I don't know how to do, don't want to do, or don't think are practical for me.</p>	<p>Place card here</p>
--	------------------------