

## BUDGETING BASICS

There is a reason that businesses use receipts and record books to closely track how much money is coming in and out. Keeping organized will allow you to make future financial decisions on full information.

This is much more easily said than done. Staying organized can be one of the most difficult steps for anyone trying to keep a balanced budget.

Putting together and following a spending plan can be overwhelming at first thought— particularly if you have never worked with a budget before. However, once you have done the initial work of getting your financial situation down on paper, the monthly upkeep can be accomplished in about 20 minutes.

This section will walk you through the steps to creating a plan for your personal finances. Important words and concepts that are introduced will be written in bold and italics. Definitions of these key words will be listed at the end of the section.

The end of the chapter contains supplementary materials: definitions, handouts, worksheets, and activities that can be individually photocopied or printed to distribute separately.

### Section Overview

#### Overview and goals

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## Overview and Goals

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Basic budgeting skills can be the difference between financial success and unexpected financial distress. This is much more easily said than done. Staying organized can be one of the most difficult steps for anyone trying to keep a balanced budget.

Putting together and following a spending plan can be overwhelming at first thought— particularly if you have never worked with a budget before. However, once you have done the initial work of getting your financial situation down on paper, the monthly upkeep can be accomplished in about 20 minutes.

### The goals of this chapter are:

1. To give you an understanding of how common your situation is.
2. To outline benefits and process for creating a spending plan.
3. To discuss financial priorities and goals and the steps needed to achieve them.

### Take-away messages:

1. Write it down – make a budget
2. Set priorities/ goals and keep track
3. Talk to your family about your situation – they need to understand how financial choices are made
4. Plan for the unexpected
5. Take action if income drops
6. Don't rely on credit

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## Spending Plans

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A **spending plan** or **budget** is a concrete method to track your spending so that you can examine and record your available money. While it may take a little work, a good spending plan is key to making ends meet every month and saving money for the future.

### Why have a spending plan?

Families say that making a spending and savings plan helps them feel as if they're more in charge of their money. Additionally, they say it helps to:

- Stretch dollars and get more for limited money.
- Work toward goals with the amount of income that they have.
- Become more aware of their spending habits.
- Set aside a little money each month as savings, or for emergencies.

#### Would a spending plan help you?

Is your money gone before the next check?

YES  NO

Do you often wonder where your money was spent?

YES  NO

Do you run out of food or gas for your car before the next check?

YES  NO

Do you receive collection notices for bills that are past due?

YES  NO

Do you dream about buying something, but think you can never afford it?

YES  NO

Do you regularly pay bills late?

YES  NO

Do you borrow money or food from family, friends or agencies to make ends meet each month?

YES  NO

Do you worry about finding money in an emergency such as a car repair or illness?

YES  NO

If you answer "yes" to any of these questions, you can benefit from developing a spending plan.

## Building a Spending Plan

A good spending plan will help you to compare your *income* to your *debts* and *expenses*. As you go through your finances, you may also want to think about *savings* and *emergency funds*, which is covered later in this chapter. Before we fill out a full spending plan, it may be helpful to look at each of these areas individually.

### Income

*Income* is the sum of all wages, salaries, profits, and other earnings received by a person or a household. While it may be easy to think about income in terms of how much your paycheck is worth, it is also important to make sure you know how much your partner or spouse is earning, how much is coming in from assistance or benefits programs, and whether you're regularly bringing in other sources of money.

The results may surprise you; sometimes when we add it all together, our income is slightly more or slightly less than we thought. If your income varies a lot from month to month, you can average it out over a couple months or use the lowest monthly amount for your base salary. Before you begin your spending plan, it may be helpful to simply list all the sources of income that you can think of.

### Debts

One of the most important things you will need to do as you figure out your budget can also be one of the hardest to face: making a list of your *debts*, or money that you owe and need to repay, including money you've borrowed as credit. If you are like most people, you probably have an idea of what your minimum monthly payment is, but few of us know exactly what the unpaid balance is, how much total interest we've paid, and what the terms and conditions of our debts really are. Having too much debt (monthly payments that total more than 20% of your net income) can prevent you from reaching the goals that are most important to you.

Your *creditors* are the individuals or businesses to whom you owe money. This may be in the form of student loans, credit cards, bank loans, car loans, collection agencies, medical offices, mortgages, and more. Knowing the interest rate and the other terms of your agreement will help you make smart decisions about which debts you are going to try and pay in which order. Generally, those debts that have the highest interest rates are costing you the most money and should be paid as fast as you can manage.

## Tracking your spending

In order to have a clear picture of exactly where your money is going, it is recommended that you write down everything you spend money on.

- ❖ **Notebook:** When you spend money, write it down right away.
- ❖ **Receipts:** Put your receipts in a folder or envelope and add them up at the end of the month. No 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 for check/debit purchases.
- ❖ **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" to limit spending.
- ❖ **Computer:** Enter your spending and income into a computer program that totals up your cash flow for you
  - **Quicken, Money**
  - **Free programs:** [mint.com](http://mint.com), [quizzle.com](http://quizzle.com), [rudder.com](http://rudder.com)
- ❖ **Bank:** Many banks offer online bill paying, tracking, and other features.
- ❖ **Mobile Device:** Many modern cell phones, planners, and other gadgets will allow you to input and track your daily expenses.

List all of your expenses on your spending plan. Forgetting to list an expense will throw your budget off because it will not reflect a true picture of how you are spending your money.

**Regular monthly expenses**

Debts are just one part of where we spend income. It is equally important to understand how much money you spend on the day to day *expenses* in your life. There are several different types of expenses to be aware of when making a budget:

Over the course of a month, you probably spend money on both *fixed* and *variable* expenses. Fixed expenses basically stay the same from month to month (rent, utilities, and car payments). On the other hand, your variable expenses may be higher one month and lower the next. An example would be groceries or gas.

**Occasional and seasonal expenses**

Imagine that you have been going along with your spending plan and you have been able to balance between your income and expenses. Suddenly you realize it’s tax season and you’re going to owe money this year. The only way you can pay your taxes is by choosing to pay one of your other bills late. Now you are behind in your payments and will be charged a late fee for the bill you could not pay.

One thing that can quickly ruin a budget is to forget to include those expenses that don’t occur each and every month. Some big expenses like property taxes and insurance premiums might only come up once or twice a year. Others are seasonal, such as school clothes in the fall and holiday gifts in December.

Item	J	F	M	A	M	J	J	A	S	O	N	D	Yearly Cost	Monthly Average
													\$	\$
													\$	\$
													\$	\$
													\$	\$
													\$	\$
<b>Total</b>													\$	\$

To insure that you have the money to meet these *occasional* (also known as *seasonal* or *periodic*) expenses when they happen, figure out a monthly average for each expense and set aside money in a special savings account each month. Some people keep up with occasional expenses by escrowing their property taxes with their monthly mortgage payment, for example, or paying car insurance premiums monthly with an additional monthly service fee. If you set up your own monthly savings account, you get the added bonus of keeping the interest you make and not having to pay additional fees.

**Comparing your income and expenses**

So far, you have laid the groundwork for your spending plan by listing your income, debts and other expenses. Now it is time for the moment of truth. Using your spending plan worksheet, add up all of your income and expenses and your plans for saving.

Ideally, you want to end up with more income than expenses. In real life, it doesn't always work out that way. If your debts and expenses are more than your income, don't panic. You can still get your finances under control by:

- ❖ increasing your income,
- ❖ reducing your expenses,
- ❖ or doing both.

**Financial Priorities and Goals**

Now that you’ve looked at your income and expenses, and now that you’ve tracked your spending over the course of a month, you can spend time thinking about what’s important to you. You work hard for your money and it’s important to feel like there’s something in all that hard work besides paying bills.

**Financial priorities**

There are a lot of different ways to spend a dollar. These questions will help you recognize your financial priorities and values. You can also have family members or your partner complete the activities and then discuss your responses.

Check out this online calculator to help prioritize financial goals: [http://cgi.money.cnn.com/tools/prioritize/prioritize\\_101.jsp](http://cgi.money.cnn.com/tools/prioritize/prioritize_101.jsp)

1. I just won \$5,000 in the lottery. This is what I'd like to do with the money:
  
2. I have just been laid off from my job. I must make a major cut in spending. The first thing to go is: \_\_\_\_\_.
  
3. I would like to see me/us spend more money on \_\_\_\_\_ and less money on \_\_\_\_\_.

**Financial goals**

The reason to plan is to make sure you’re spending your money on things that are the most important to you – your priorities. For each financial 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 \$500 in your emergency fund in one year, you need to save around \$42 every month.

Financial Goals	Total Amount Needed	Date Needed (in months) (6 months, 24 months, etc.)	Amount to Save Monthly (Total needed/number of months)
<i>Example: Emergency Fund</i>	\$500	12 months	$\$500/12 \text{ months} = \$42/\text{month}$
<b>Total amount needed to save monthly:</b>			<b>\$</b>

Are you able to save enough money each month for all your goals? Most people have more goals than they do money. Consider which goal is the most important to you? Are there some goals you can put off until further in the future?

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## Saving for your Financial Goals

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It's fun to have dreams, like I'm going to retire early and someday I'll travel the world. The difference between a dream for "someday" and a financial goal is coming up with a realistic plan of how much money you'll need and when you'll need it by. Setting up a savings plan that fits your budget takes time and won't happen overnight. The key is to not be discouraged and to take one step at a time.

Saving money for financial goals can take several different forms: **Short term savings** is money set aside for goals you want to achieve in less than 5 years, such as a vacation or a car. **Long term savings** is money set aside for goals you have for 5 years or longer into the future, such as a house purchase or a child's education. **Retirement savings** is money placed in a long term, tax deferred account such as an IRA or 401(k) plan for the sole purpose of supporting you in your retirement years.

### How should I save?

Treat those payments into your savings account just like your other bills. This way, you won't be tempted to wait until the end of the month to see if there is anything left over to contribute to your savings. Think of your various savings goals by category as well. Some people prefer to keep the money for each goal separated in order to see how they are progressing, but this is not always possible and not necessary for success. Credit unions usually offer savings accounts with initial deposit amounts as low as \$5 with no minimum balance requirements, so you can open up several different savings accounts. If this seems too over-whelming or not practical for you, limit your savings to one account. The most important thing is to start saving.

### Emergency Funds

#### *Planning for emergencies*

Sometimes the unexpected happens. It may be a car accident, something lost or stolen, illness, or more. Because we can't predict when emergencies will occur, it's always a good idea to set aside an **emergency fund**. Even \$2 a week will add up to \$100 in a year and could pay an unexpected bill.

- ❖ To set up an emergency fund, work on saving an amount equal to one month's spending for housing, utilities, food, transportation, and other regular expenses.
- ❖ Try to add at least 1% to this fund every month. For example, if your basic living expenses are \$1400 per month, this would mean contributing \$14 per month to your fund. Add more if you can.
- ❖ Financial experts recommend keeping 3-6 months worth of your basic monthly living expenses in an emergency fund. It takes most people several years to build up an emergency fund.

#### When you have your own money to fall back on:

- ❖ You have less stress and more security when there's an emergency, like an illness, accident, or loss of work.
- ❖ If you fall short of money one month, you can still make your payments on time. This will also help to build up your credit history.
- ❖ You can get car or home repairs or medical care when needed, rather than waiting until you can find the money. Waiting may make the problem bigger and more expensive.
- ❖ You can select the best service provider, mechanic, or other help needed, rather than relying on high interest credit.



- ❖ Even when you're building up your emergency fund, you can use any of the funds you have saved for any situations, repairs, or replacements that you can't pay for out of your monthly income. After you get through the emergency, start adding to your fund again.

### **If your income suddenly drops...**

Sometimes a household's income drops suddenly because of a job layoff, an illness or death, or a divorce. It's natural to feel shocked or panicked or to want to ignore the situation.

Whatever the cause, the best thing you can do is to figure out if your new income covers all of your current expenses. Most households can't continue to spend at the same rate and with same lifestyle that they had before their income dropped – even if the drop is just temporary. The sooner you look at your household budget, the more options you have and the better off you will be in the long run.

As hard as it is, you need to let your creditors know about your financial situation. Some of your creditors may be willing to work with you during a rough patch if you're honest with them and contact them before you miss any payments.

Talk with your family and friends about your stress and the changes that might need to happen at home. If you have children at home, you don't want to worry them with adult concerns about paying for groceries or the mortgage, but it's okay to let them know that there's less money coming into your 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.

### **Don't expect to be able to use credit when trouble arises**

One strategy some people may suggest is for you to use credit to get past short-term crises. That is not a good plan for the following reasons:

- ❖ When you have trouble, creditors may pull back. For example, if money is tight and you pay a credit card bill late one month, your creditor will charge you a late fee, and then may raise your interest rate and lower your credit limit.
- ❖ If you're having trouble making ends meet and use credit to cover the shortfall, you may not be able to make the higher monthly payments to your creditor. This generally makes any financial problems worse.
- ❖ Credit for people with financial trouble—if they can get it—is costly in terms of interest and fees. The interest rate a creditor charges you is based on your credit score. If you're already having financial trouble, your credit score has probably already dropped.
- ❖ Even if your financial crisis is short-lived, such as a temporary lay-off at work, you may be paying off a jump in debt for years. Relying on credit for an emergency, like a car repair or new refrigerator, is only a good idea if you have a plan to pay off the balance in a few months.

## Finding the Money to Meet Your Financial Goals

### Are you happy with where your money is going?

Sometimes we just buy things or go places out of habit without giving it a lot of thought. Tracking your spending will help you to be more aware of your spending habits – and changing a few habits can result in big savings.

### Small changes add up over time

Do you buy snacks or soft drinks from the machines at work? By bringing soda from home (\$.30 each) instead of buying from the machine (\$.75 each), a person who drinks 2 sodas a day could save \$234 over the course of a year. If you're feeling really motivated, cut out the soda entirely and switch to tapwater – saving an additional \$156/year.

### Find your spending leaks

If you are finding it hard to cut your spending, think back over the last two weeks and try to remember what you spent your money on. Did you buy a candy bar from the vending machine, a bag of potato chips from a convenience store, or a magazine at the grocery store? List all of these purchases below. Include how much the item cost and how many times in a month you usually buy the item. Multiply that monthly amount by twelve to see how much you are spending on these small items over a year's time.

Item	Cost	# Of Times You Buy In a Month	Cost/ Month	Cost/ Year
<i>Example: Eating Out</i>	<i>\$15</i>	<i>4</i>	<i><math>\\$15 \times 4 = \\$60</math></i>	<i><math>\\$60 \times 12 = \\$720</math></i>

Once you see how these small “leaks” add up, is there anything you can cut back on? This is the where you are going to find the additional money you need to set aside for the goals you made earlier. Some possible categories: vending machines, cigarettes, alcohol, extra cell phone minutes, CDs/DVDs/Games, cable/satellite TV, lottery tickets.

Try doing without one of the expenses you listed above for a week or two. If doing without an item leaves you feeling deprived, then add it back into your budget and move onto the next item to try doing without. Everybody has a limited amount of money, so it's all about spending your money on the items that bring you the most enjoyment for your dollar.

### Ideas for saving money

Another way to lower your expenses is by making adjustments to the purchases you still make. For example, many grocery stores will carry generic versions of cereals that are virtually identically yet cost a fraction of the price of the name brand.

When you're thinking about saving, think of an item you've bought and answer the following three questions:

1. Can I buy it cheaper?
2. Can I make it last longer?
3. Can I use it less?

#### Looking for money

Cable/satellite TV	\$50/month = \$600/year
DVD rentals @ \$12/week	\$36/month = \$432/year
Movie tickets @ \$8/each	\$16/month = \$192/year
Treats at movie @ \$5/visit	\$10/month = \$120/year

Recall that if you're trying to get the biggest bang for your buck, you can increase your income, decrease your expenses, or do both.

#### Who wants pizza?

→ Meal out at a pizzeria (includes breadsticks and drinks)	<b>\$30</b>
→ Order a large take-out from a pizzeria	<b>\$15</b>
→ Pick up a "take & bake" from the grocery store	<b>\$9</b>
→ Buy ingredients and make pizza at home (using frozen dough)	<b>\$6</b>
→ Buy a frozen pizza (on sale, of course) to cook at home	<b>\$3</b>

#### A penny saved...

If you're looking for further ideas to help make ends meet, there are lots of good tip sheets, websites, and other resources available to help you think about creative ways to save in your budget.

Saving money is not always an easy process, and it will take time to build your savings account. You may feel like you're only cutting nickels and dimes off your expenses by making small changes. However, each change you make to your buying habits and to your lifestyle will make a big difference in your spending plan, in your savings account, and in your financial future.

### Share your Goals

Sharing your goals is a great way to help you achieve them. If you hide what you're trying to accomplish, others won't be able to help you along the way. Try sharing your goals with a family member or with someone else who has goals to set of their own.

If you have trouble setting goals, try the website [www.stickK.com](http://www.stickK.com), which will help you set goals and stick to them.

The more effort you put into planning your financial goals by having an ending date and amount, monthly payments that realistically fit within your budget, and a place to stash your savings, the more likely you are to reach your goals.

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## Supplemental Materials

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In this section, you will find:

### Activities

#### **ACTIVITY: UNDERSTANDING YOUR SITUATION**

- ❖ Before beginning a new financial plan, take a minute to assess where you are financially.

### Budgeting Worksheets

#### **WORKSHEET: MONTHLY SPENDING PLAN**

- ❖ Combines information on income, debts, expenses, and allows for tracking of savings and emergency funds.
- ❖ This is a good worksheet to start with for someone who has never written down or tracked expenses before.

#### **WORKSHEET: 4-WEEK MONEY MANAGEMENT PLAN**

- ❖ A spending plan that divides monthly income into up to four pay periods.
- ❖ Helpful for those who are struggling to figure out how to spread their money out over a month or how to save up across a couple paychecks to make a car or rent payment.
- ❖ Dividing up expenses within each pay period can be confusing.

#### **WORKSHEET: PLANNING TO STAY AHEAD**

- ❖ 2-page document that outlines, income, types of assistance programs, expenses, and compares income and expenses.
- ❖ The only worksheet that also highlights some of the different types of assistance and support that are available to make ends meet.

#### **WORKSHEET: DETAILED SPENDING PLAN**

- ❖ 5-pages, includes financial savings goals and more extensive monthly/annual spending categories.
- ❖ Worksheet might be overwhelming to anyone who has never looked at their spending before, but helpful to those who are more aware of their monthly expenses.
- ❖ Can be used as a self-study budgeting guide.

### Savings Tips

#### **ACTIVITY: GET HOOKED ON SAVING**

- ❖ Learning to save, even as you pay off bills, is an important part of managing money.
- ❖ It can be wise to learn about the saving priorities for the rest of your household.

## Understanding Your Situation

activity

It can be helpful to think about your money concerns and stresses to get some ideas about where to start with your personal finances. Please choose the options that best fit your situation.

How often does this happen to you?	Often (3)	Sometimes (2)	Never (1)
1. Don't have enough money for monthly bills			
2. Are behind in rent or house payments			
3. Don't have enough food until there's more money			
4. Are in danger of having utilities turned off			
5. Unable to meet large bills			
6. Bills are confusing			
7. Large medical bills			
8. Behind in credit payments			
9. Have had action taken by creditor			
10. Checking account is not in order			
11. Don't talk about our family financial decisions			
12. Bills get lost or mailed late			
13. Feel stressed about finances			
14. Do not know where money is going			
15. Not able to save for a big expense			
<b>Subtotal (add down each column)</b>			
<b>Total (add subtotals above)</b>			

## If you scored:

- ❖ 15-24, you may be basically financially secure
- ❖ 24-36, you may not be financially prepared for an unexpected expense
- ❖ 36-45, you may be financially insecure.

**Monthly Spending Plan** worksheet

Name \_\_\_\_\_ Month \_\_\_\_\_

Basic Living Expenses	
Monthly Expense	Amount
Rent/Mortgage	\$
Electricity	\$
Heating Oil or Gas	\$
Water/Sewer	\$
Cable/Satellite	\$
Phone/Internet	\$
Cell Phone	\$
Gas for Car	\$
Car insurance payment	\$
Groceries	\$
Eating Out	\$
“Stuff” for household & personal care	\$
Clothing and Laundry	\$
Doctor co-pays	\$
Prescriptions	\$
Entertainment	\$
Hobbies/Habits	\$
Pets	\$
Gifts/Donations	\$
Other insurance	\$
	\$
	\$
	\$
	\$
	\$
Emergency Savings	\$
Other Savings	\$
	\$
	\$
<b>TOTAL EXPENSES</b>	\$
<b>+ TOTAL MONTHLY DEBT PAYMENTS</b>	\$
<b>= TOTAL MONTHLY SPENDING</b>	\$

Debts		
Name of Creditor	Monthly Payment Requested	Total Amount Owed
Car Payment	\$	\$
Medical Bill	\$	\$
Credit Card	\$	\$
Past Due Utilities	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
<b>TOTAL DEBTS</b>	\$	\$

Take Home Income/Paychecks	
Income (1)	\$
Income (2)	\$
Income (3)	\$
Income (4)	\$
<b>TOTAL MONTHLY NET (TAKE HOME) INCOME</b>	\$

**4-Week Money Management Plan** worksheet

Name \_\_\_\_\_ Month \_\_\_\_\_

	Week 1	Week 2	Week 3	Week 4	Total Monthly (add weeks 1-4)
<b>MONTHLY INCOME</b>					
<b>FIXED or VARIABLE EXPENSES</b>					
<i>Fixed Example: Rent/Mortgage</i>					
<i>Variable Example: Groceries</i>					
<b>OCCASIONAL EXPENSES (occurring less than once a month)</b>					
<i>Example: Income taxes</i>					
<b>SAVINGS or EMERGENCY FUNDS (amount put into the account)</b>					
<i>Savings</i>					
<i>Emergency fund</i>					
<b>DEBT PAYMENTS (amount due)</b>					
<i>Example: Credit card</i>					
<b>TOTAL SPENT</b>	\$	\$	\$	\$	\$

**Planning to Stay Ahead** **worksheet**

**1. What money and other resources do you have?**

**Standard income**

How much money comes in each month from:

- \$ \_\_\_\_\_ Wages and salaries
- \$ \_\_\_\_\_ Wages and salaries
- \$ \_\_\_\_\_ Wages and salaries
- \$ \_\_\_\_\_ Tips, commissions or overtime
- \$ \_\_\_\_\_ Social Security and pensions
- \$ \_\_\_\_\_ Child support and alimony
- \$ \_\_\_\_\_ Unemployment Compensation
- \$ \_\_\_\_\_ TANF (Temporary Assistance to Needy Families)
- \$ \_\_\_\_\_ SSI (Supplemental Security Income)
- \$ \_\_\_\_\_ Veterans' benefits
- \$ \_\_\_\_\_ Children's wages
- \$ \_\_\_\_\_ Other: \_\_\_\_\_
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$ \_\_\_\_\_ TOTAL MONTHLY INCOME**

**Resources other than money**

Certain programs and strategies help you and your family to get food and other services while also reducing some of your expenses. Do you or your family access:

- \_\_\_\_\_ BadgerCare Plus/Medicaid
- \_\_\_\_\_ WIC coupons (women, infants, and children)
- \_\_\_\_\_ FoodShare (also known as SNAP or food stamps)
- \_\_\_\_\_ Free or reduced price School Lunches or School Breakfasts
- \_\_\_\_\_ EITC (Earned Income Tax Credit)
- \_\_\_\_\_ Meals at Head Start or Child Care Feeding Program at day care
- \_\_\_\_\_ SHARE food buying club
- \_\_\_\_\_ Commodity foods program
- \_\_\_\_\_ Food from a food pantry or free meal site
- \_\_\_\_\_ Food from a garden, friends or relatives
- \_\_\_\_\_ Free clothing, furniture or baby goods
- \_\_\_\_\_ Day care assistance
- \_\_\_\_\_ Energy assistance
- \_\_\_\_\_ Housing assistance
- \_\_\_\_\_ Other: \_\_\_\_\_

**2. Where does the money go?**

**Housing & utilities**

- \$ \_\_\_\_\_ Rent or house payment
- \$ \_\_\_\_\_ Electricity, gas, oil
- \$ \_\_\_\_\_ Phone
- \$ \_\_\_\_\_ Home maintenance, cleaning supplies
- \$ \_\_\_\_\_ Garden and lawn supplies
- \$ \_\_\_\_\_ Water/sewer
- \$ \_\_\_\_\_ Furnishings, appliances
- \$ \_\_\_\_\_ Property taxes
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$ \_\_\_\_\_ TOTAL**

**Food**

- \$ \_\_\_\_\_ Groceries
- \$ \_\_\_\_\_ Eating out or snacks
- \$ \_\_\_\_\_ School lunches
- \$ \_\_\_\_\_ Infant formula
- \$ \_\_\_\_\_ Special occasions
- \$ \_\_\_\_\_ Other: \_\_\_\_\_
- \$ \_\_\_\_\_ Other: \_\_\_\_\_
- \$ \_\_\_\_\_ Other: \_\_\_\_\_
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$ \_\_\_\_\_ TOTAL**

**Transportation**

- \$ \_\_\_\_\_ Car/truck payment
- \$ \_\_\_\_\_ Bus pass/cab
- \$ \_\_\_\_\_ Tires and repairs
- \$ \_\_\_\_\_ Gas, oil, etc.
- \$ \_\_\_\_\_ License and insurance
- \$ \_\_\_\_\_ Parking
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$ \_\_\_\_\_ TOTAL**

**Medical & dental**

- \$ \_\_\_\_\_ Insurance
- \$ \_\_\_\_\_ Doctor
- \$ \_\_\_\_\_ Dentist
- \$ \_\_\_\_\_ Eye care
- \$ \_\_\_\_\_ Prescriptions
- \$ \_\_\_\_\_ Hospital
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$ \_\_\_\_\_ TOTAL**

**Clothing & personal care**

**Education & recreation**



\$ _____ Clothing \$ _____ Diapers \$ _____ Shoes and boots \$ _____ Laundry \$ _____ Haircuts \$ _____ Personal products \$ _____ Child(ren)'s allowance(s) \$ _____ Other: _____ \$ _____ Other: _____ \$ _____ <b>TOTAL</b>	\$ _____ Tuition, school supplies \$ _____ Lessons (sports, music, etc.) \$ _____ Books, papers, magazines \$ _____ Cable TV \$ _____ Video rentals \$ _____ Vacations, weekend trips \$ _____ Hobbies, sports \$ _____ Movies, plays, sporting events \$ _____ Other: _____ \$ _____ <b>TOTAL</b>
<b>Contributions &amp; gifts</b> \$ _____ Contributions \$ _____ Gifts/birthday, holiday \$ _____ Other: _____ \$ _____ Other: _____ \$ _____ <b>TOTAL</b>	<b>Child care</b> \$ _____ Child care/day care \$ _____ Baby-sitting \$ _____ Child support \$ _____ Other: _____ \$ _____ <b>TOTAL</b>
<b>Credit payments</b> \$ _____ Payment: _____ \$ _____ Payment: _____ \$ _____ Payment: _____ \$ _____ Payment: _____ \$ _____ Other: _____ \$ _____ Other: _____ \$ _____ <b>TOTAL</b>	<b>Other expenses</b> \$ _____ Savings, emergency fund \$ _____ Checking account, money order fees \$ _____ Life insurance \$ _____ Stamps, postage \$ _____ Union, work expenses \$ _____ Pet food and care \$ _____ Other: _____ \$ _____ <b>TOTAL</b>

**3. Monthly totals**

Write the total amounts for each monthly spending category (from step 2, above)

- Housing & utilities \$ \_\_\_\_\_
- Food \$ \_\_\_\_\_
- Transportation \$ \_\_\_\_\_
- Medical & dental \$ \_\_\_\_\_
- Clothing & personal care \$ \_\_\_\_\_
- Education & recreation \$ \_\_\_\_\_
- Contributions & gifts \$ \_\_\_\_\_
- Child care \$ \_\_\_\_\_
- Credit payments \$ \_\_\_\_\_
- Other expenses \$ \_\_\_\_\_
- \$ \_\_\_\_\_ **TOTAL MONTHLY EXPENSES**

**4. Is it enough?**

Your TOTAL MONTHLY INCOME (from step 1, above): \$ \_\_\_\_\_  
 Your TOTAL MONTHLY EXPENSES (from step 3, above): \$ \_\_\_\_\_

Adapted from *Planning to Stay Ahead*, UW-Extension

**Detailed Spending Plan** worksheet

Name \_\_\_\_\_ Month \_\_\_\_\_

INCOME	Amount (Net)
Employment #1	\$
Employment #2	\$
Social Security	\$
Pension	\$
Alimony or Child Support	\$
Food Stamps/Food Share	\$
Commissions	\$
Other	\$
<b>TOTAL MONTHLY NET INCOME</b>	<b>\$</b>

EXPENSES		
Savings	Current or Tracked	Planned
Savings Account or Fund	\$	\$
Emergency Savings Fund	\$	\$
Other	\$	\$
<b>Total Monthly Savings</b>	<b>\$</b>	<b>\$</b>

Housing	Current or Tracked	Planned
Mortgage	\$	\$
2nd Mortgage	\$	\$
Home Equity Loan/Line of Credit	\$	\$
Rent	\$	\$
Property Taxes	\$	\$
Condominium Fee	\$	\$
Homeowners/Renters Insurance	\$	\$
House Repairs/Maintenance	\$	\$
Garden/Pool/Lawn/Snow	\$	\$
Other	\$	\$
<b>Total Monthly Housing Expenses</b>	<b>\$</b>	<b>\$</b>

Utilities	Current or Tracked	Planned
Natural Gas, Oil, Propane	\$	\$
Electricity	\$	\$
Water/Sewer	\$	\$
Garbage/Recycling	\$	\$
Phone/landline ____ +cell ____	\$	\$
Other	\$	\$
<b>Total Monthly Utility Expenses</b>	<b>\$</b>	<b>\$</b>

Food	Current or Tracked	Planned
Groceries	\$	\$
Eating Out Lunch	\$	\$
Dining Out	\$	\$
Coffee/Snacks	\$	\$

Kids School Lunch Money	\$	\$
Other	\$	\$
<b>Total Monthly Food Expenses</b>	<b>\$</b>	<b>\$</b>

Transportation	Current or Tracked	Planned
Auto Payment 1	\$	\$
Auto Payment 2	\$	\$
Auto Payment 3	\$	\$
Gasoline	\$	\$
Auto Insurance	\$	\$
Parking Fees/Tolls	\$	\$
Auto Registration/Plates	\$	\$
Public Transportation	\$	\$
Car Repairs/Maintenance	\$	\$
Other	\$	\$
<b>Total Monthly Transportation Expenses</b>	<b>\$</b>	<b>\$</b>

Health Care	Current or Tracked	Planned
Health Insurance	\$	\$
Prescriptions	\$	\$
Co-pay/Deductibles	\$	\$
Dental Care	\$	\$
Other	\$	\$
<b>Total Monthly Health Care Expenses</b>	<b>\$</b>	<b>\$</b>

Education and Employment Costs	Current or Tracked	Planned
Tuition	\$	\$
Books	\$	\$
Student Loans	\$	\$
Room/Board	\$	\$
School Supplies, Fees, Field Trips	\$	\$
Child Care & After-school Care	\$	\$
Newspapers/Magazines	\$	\$
Other	\$	\$
<b>Total Monthly Education/Employment</b>	<b>\$</b>	<b>\$</b>

Clothing	Current or Tracked	Planned
Purchases	\$	\$
Team or Group Shirts/Uniforms	\$	\$
Laundry	\$	\$
Dry Cleaning	\$	\$
Repairs	\$	\$
Other	\$	\$
<b>Total Monthly Clothing Expenses</b>	<b>\$</b>	<b>\$</b>

Personal Care	Current or Tracked	Planned
Beauty Salon/Haircuts	\$	\$
Cosmetics	\$	\$
Manicure/Pedicure	\$	\$

Toiletries	\$	\$
Fitness/Health Club or Gym	\$	\$
Other	\$	\$
<b>Total Monthly Personal Care Expenses</b>	<b>\$</b>	<b>\$</b>

Entertainment	Current or Tracked	Planned
Cable	\$	\$
Movies	\$	\$
Music	\$	\$
Sports	\$	\$
Hobbies	\$	\$
Internet	\$	\$
Babysitting Costs	\$	\$
Other	\$	\$
<b>Total Monthly Entertainment Expenses</b>	<b>\$</b>	<b>\$</b>

Pets	Current or Tracked	Planned
Food	\$	\$
Vet	\$	\$
License	\$	\$
Insurance	\$	\$
Grooming	\$	\$
Other	\$	\$
<b>Total Monthly Pet Expenses</b>	<b>\$</b>	<b>\$</b>

Other	Current or Tracked	Planned
Bank Fees/Money Orders/etc.	\$	\$
Tobacco	\$	\$
Alcohol	\$	\$
Religious/Charitable Contributions	\$	\$
Lottery	\$	\$
Vacation	\$	\$
Special Event (graduation, prom, wedding, etc.)	\$	\$
Gifts	\$	\$
Life Insurance	\$	\$
Long-Term Care Insurance	\$	\$
Allowance/Spending Money	\$	\$
Other	\$	\$
<b>Total Monthly Other Expenses</b>	<b>\$</b>	<b>\$</b>

Credit Cards (include balances)	Payment	Planned Payment
#1	\$	\$
#2	\$	\$
#3	\$	\$
#4	\$	\$
#5	\$	\$
<b>Total Monthly Credit Cards</b>	<b>\$</b>	<b>\$</b>

Summary of Expenses	Current or Tracked	Planned
Savings	\$	\$
Housing	\$	\$
Utilities	\$	\$
Food	\$	\$
Transportation	\$	\$
Health Care	\$	\$
Education/Employment	\$	\$
Clothing	\$	\$
Personal Care	\$	\$
Entertainment	\$	\$
Pets	\$	\$
Other	\$	\$
Credit Cards	\$	\$
<b>TOTAL MONTHLY EXPENSES</b>	<b>\$</b>	<b>\$</b>

SUMMARY	Current or Tracked	Planned
<b>Total Monthly Net Income</b>	\$	\$
<b>Minus - Total Monthly Expenses</b>	\$	\$
<b>Monthly Surplus/Deficit</b>	<b>\$</b>	<b>\$</b>

Adapted by Ruth Schriefer, Family Living Agent, UW-Extension Iowa County (June 2009) from GreenPath Debt Solutions & UW-Extension "Your Personal Journey to Financial Success after Bankruptcy", 2008.

**Get Hooked on Saving**

activity

Learning to save, even as you pay off bills, is an important part of managing money. Once you have experienced the satisfaction of getting something you have saved for, it is easier to continue. Putting money into savings each month for emergencies or for something you want gives you more control.

**Materials**

- A sheet of paper and pencil.
- A container for savings—a jar with a screw on lid, coffee can or purchased “piggy bank” will work.

**Implementation**

1. Make a list of 4-6 items you/families members would like to have. Each item should cost less than \$100.00.
2. Look over the list, each family member vote for item they would most like to save for now. Item with the most votes is selected.
3. Use store ads, magazine pictures or draw a picture of the item. Tape or glue the pictures to the container.
4. Check store prices and determine exactly how much money is needed to buy the item. Label the container with this amount.
5. Make a plan to start saving the money needed for the item. You could:
  - ❖ Save certain coins like dimes or quarters.
  - ❖ Save change at the end of each day.
  - ❖ Spend less on an expense—take a lunch to work and put money you would have spent in the jar, get video from library, put money for video rental in jar, make a pizza
  - ❖ At home, subtract the cost of ingredients from the price of having a pizza delivered, put the difference in the jar.
  - ❖ Collect aluminum cans, sell them and put money in the jar.
  - ❖ Once a week, meet together, and count the money in the jar.
  - ❖ When there is enough money to buy the item, plan a trip to make the purchase and celebrate.
  - ❖ Keep the jar and decide on the next item you want to save for.

**Discussion Questions**

- What did you learn from this activity?
- Do you have a other ways to save for something you want?