

Money management TIPS for young families

Newsletter 10

October

WHERE ARE THE LEAKS IN FAMILY SPENDING

This month we want to look at the way you spend your money. Since you have been using your spending plan, have you been able to plug all the leaks or do you feel that some funds still go down the drain? Is it possible that you could be wasting \$10, \$25, \$50 or more each month? Perhaps it is time to study your family's spending habits.

To help you analyze your situation, answer the questions below.

Does your family:	YES	USUALLY	NO
i Decide exactly what is needed and plan how much can be spent before going shopping?	_____	_____	_____
i Always shop with a list?	_____	_____	_____
i Buy only the items planned for?	_____	_____	_____
i Always compare prices and qualities before buying?	_____	_____	_____
i Use credit only when absolutely necessary?	_____	_____	_____
i Return inferior items to the seller?	_____	_____	_____

All answers marked "usually" or "no" indicate a need for improving spending habits.

Where to start in plugging spending leaks

Since spending is a family affair, money wasted can be reduced only if each family member will learn and practice sound habits in selecting, buying and using goods and services. Here are some guides that will help you do this.

1. **Keep informed** - keep up-to-date on prices of products bought regularly. Seek adequate and reliable information about products and dealers before buying, especially the more expensive items. Read product labels and warranties.
2. **Plan purchases** - Before going shopping, decide what items are needed, when and how much you can pay. Then shop using your plans.
3. **Seek best buys** - Buy only what is planned for, needed and worthwhile. Don't overbuy such things as gadgets, and conveniences. Don't let advertising or sales pitch influence you. Weight the value of a product in terms of the cost and the satisfaction it will give you. Don't pay more than is necessary for brand name or prestige; compare quality and get the best buy. Substitute less expensive items or "irregulars" or "seconds" for first quality if they will serve your purpose satisfactorily. Before making any purchase, ask yourself and honestly answer two questions: (1) for what other things could I use this amount of money? (2) which of these things would mean more to me (my family) now and in the future? This is a basic rule for wise shopping.

4. Keep credit purchases to a minimum. - Consider what credit will cost and how else you might use that money. Remember credit charges add to the cost of the product.
5. Return faulty goods to seller and request an adjustment - Buy only from reliable dealers and make wise selections that meet your needs. Use and care for the product according to the manufacturer's instructions. Keep all purchase records. If a problem develops with a product make a consumer complaint to the dealer and persist until satisfaction is attained.
6. Use and care for products and services (utilities) to reduce waste - Excessive use (water, lights, automobile), abuse or lack of care causing expensive repairs or shortening the service life of a product or throwing away useable goods are all examples of wasted money.
7. Get full value from tax dollars - Keep accurate records and pay only the taxes due. Take advantage of public goods and services including libraries, Extension Service, schools and parks. Incidences of abuse of public goods should be reported to law officials.
8. Substitute time, talent and possessions for money when possible - Make the item or do the service (painting, sewing) yourself instead of buying them.

Now that you are started, it's time for a family discussion. First, discuss and evaluate purchases made by all family members for 1 month. Get the total cost for all impulse or poor purchases. Discuss why each purchase was a poor one and ways that family members can eliminate money wastes. Occasionally repeat this activity to recheck your family's spending habits.

Figure the wasted money stored in your home. Include the cost of utensils and equipment that are never used, and the value of wearable clothing and other items that have not been used in 2 years. Can these items be put to use, sold or shared?

For other ideas about plugging the leaks in spending ask your county Extension agent for a copy of "Leaks in Spending".

Next month's Tip - MONEY SUBSTITUTES

For further information or assistance contact me _____ your county Extension agent, at _____.

File code FES 5.13
(2002)