

Money management TIPS for young families

Newsletter 4

April

A SPENDING PLAN

Now that you know where your money is going, you are ready to make a spending plan. A spending plan is another tool in your kit to help you direct your spending.

The basic steps in a spending plan are:

1. Discuss your values determine what is important to you.
2. Decide on goals (if you have not already done so).
3. Estimate your expenses. List fixed expenses and payment due (rent or mortgage, insurance payments, etc.)
4. Plan an amount for savings.
5. Estimate flexible expenses, things such as food, clothing, transportation, personal care.
6. Estimate family income.
7. Compare and adjust expenses, savings and income until they balance.
8. Set up your plan, keep records and review.

For more detailed discussion, write or call me and request “Money Management Makes Cents”.

As you put your plan into action, continue to keep records. At the end of each month, check your spending plan against your records to see if your spending is in line with your values and goals. Make needed changes.

A spending plan and recordkeeping system are the two primary tools to help you control your money and gain satisfaction from its use. It can give your family or household an opportunity to plan together on how money will be spent. If you think it looks like too much work, give it a try for a month to see if it might be worth the effort. It takes a few months to get the plan working smoothly. A month will allow you to learn the basis of the system and to see if it could help you.

When you have added up this month’s expenses and adjusted your plan for next month, you have learned the most basic tools for successful money management.

Suggestions For A Successful Spending Plan.

Your skill in using your spending plan will determine how many of your goals you actually reach. You will need to make decisions along the way. Real success in managing a spending plan depends on all members of the household working together. You may remember in the very first newsletter we suggested that you gather everyone together and have a discussion about feelings, problems and ideas about money and its use. That discussion was your very first step to success. Another step which should already be complete is your list of goals. Your goals should be listed in the order you hope to accomplish them. Your spending plan has helped you to decide how you will use your money. Now there are some other things you should do to insure success.

- i Decide what each person should do to keep spending under control.
- i Everyone must be willing to take turns in getting his or her individual wants, and even in giving up a want.
- i The decisions you make are very important to success. Learn and practice sound decision making and shopping skills to get the most for your money.
- i If you have a difficult time saving money, try to make it a habit and save a little bit from each paycheck.
- i Learn to live within your income and keep your use of credit within present limits.

Your goals for this month are to put your spending plan into action and to keep track of spending.

Next month's Tip - SPENDING PLAN

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

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File code FES 5.13
(2002)