

Your Spending Plan¹

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Step 1: What Are Your Goals?

Everybody needs to learn how to manage money. Here is a 7-step exercise to help you. Thousands of Florida citizens have used exercises like this one to learn how to organize their financial records and make budgets. Many reduced their debt and saved enough to do or buy what they wanted.

What do you want? Are you searching for ways to save money to pay off late bills or keep up with this month's? Do you need to go to the dentist, buy or fix things for your home and family, pay for day care, or train for a better job? Do you want to buy a bicycle for your kids and/or send them to college?

List three things you want to do or buy in the future on Table 1. These are your long term goals. What do you need or want right now? These are your short term goals also list these on Table 1.

Table 1.

Future
Now

If you know exactly where you get your money, how you spend it, and the cost of the things you need or want, you can manage your money in a way that helps you reach your short and long term goals.

You can use the charts provided to begin working toward reaching your goals. List the three most important things you want to achieve in the next 12 months on the short term goals Table 2, include

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cost. Then list the three most important things you want to accomplish in the future on the long term goal Table 3, include cost.

Table 2.

Short Term Goals	
Item or Activity	Cost
1.	\$
2.	\$
3.	\$
Total	\$

Table 3.

Long Term Goals	
Item or Activity	Cost
1.	\$
2.	\$
3.	\$
Total	\$

Find out how much it will cost to reach each goal. Add up the amounts.

Concentrate on reaching your short term goals, but always keep your long term goals in mind. Set up your short term goals so that they will help you achieve your long term goals. Start saving on a regular basis so you can reach your goals.

If you are like most Americans, your first priority should probably be to take care of immediate needs and pay off bills.

Remember, contact a financial counselor in a community service organization or contact the Family and Consumer Sciences educator at the University of Florida Cooperative Extension office in your county when you need additional information.

Step 2: How Do You Keep Records?

In order to manage your money, you have to know how much you earn and spend. Get into the **habit** of keeping good records of your earnings and spending.

Keep all of your:

- pay slips
- receipts and bills (food housing, utilities, clothing, medicine, cable TV, car repairs)
- bank statements

Prepare a record of your spending using a piece of paper. Fold a piece of paper in half. Then, fold it again two more times. It should be divided into 8 sections. Label the first seven sections with the day of the week. Label the last section, "Totals." Re-fold the paper, carry it with you and make a note every time you spend money. At the end of each week, add up your expenses in the "Totals" section. Use a new piece of paper each week.

Table 4.

MON	TUES	WED	THURS
Groceries \$81.32	Gas \$10.00	Hair cut \$8.00	
Lunch \$4.75	Lunch \$4.85	Soft drink \$.60	
Lunch \$2.50			
FRI	SAT	SUN	TOTALS
Cleaning supplies \$5.67	Laundromat \$4.50		

Keep your records safe by putting them together in one place, like a file, large envelope, or box.

Organize your records too. Some people organize them by time such as weeks and months. Others organize them by expense categories. Some do both.

Try different ways to record, store, and organize your records. Find the way that works best for you. Whatever you do, make your method simple and easy enough that you get into the habit of keeping and organizing your records.

Remember, it's the habit that counts, not the exact method.

Step 3: How Much Do You Earn?

It is time to determine your income. This way you know how much money is available to spend and save.

Income is available from many sources. On Table 5, check the ones that apply to you:

Table 5.

	Paycheck
	Pension, Investments
	Social Security
	Unemployment
	Temporary Assistance to Needy Families (TANF)
	Food Stamps/WIC
	Money from Relatives
	Other (babysitting, house cleaning, yard work, tips, recycling, etc.)

Table 6.

Weekly Wages and Salary	
Payday 1	\$
Payday 2	\$
Payday 3	\$
Payday 4	\$
Payday 5	\$
Total Income	\$
Wages and Salary Every Two Weeks	
Payday 1	\$
Payday 2	\$
Payday 3	\$
Total Income	\$

In Table 6 use the chart that best fits your payroll schedule to determine your monthly income.

Add all of the income you get from part-time work each month.

Table 7.

Income from Part-Time Work	
Babysitting	\$
House Cleaning	\$
Yard Work	\$
Other	\$
Total Part-Time Income	\$

Add all of the income you get from other sources each month in Table 7.

Add the total of your monthly wages, part-time work, and other income in Table 8.

Add the totals for your monthly wages, part-time work and income in Table 9.

The Grand Total is how much money you have available during a month. The sources of income and the amounts you make may change from month to month.

If you get into the habit of keeping good records, it will be much easier to calculate your income every month, just as you have done here.

It will help you find out exactly how much you can spend and save to achieve your short and long term goals.

Table 8.

Income from Other Sources	
Social Security	\$
Food Stamps/WIC	\$
Retirement/Pension	\$
TADF (Temporary Assistance to Needy Families)	\$
Money from relatives	\$
Total Other Income	\$

Table 9.

Grand Total of All Income	
Total Monthly Wages	\$
Total Part-Time Income	\$
Total Other Income	\$
Grand Total	\$

Step 4: How Much Do You Spend?

Use your records to figure out how much money you spend every month. There are two major types of expenses you need to control.

Fixed Expenses are those you usually pay on a regular basis. Here are some common fixed expenses:

- child care
- rent or mortgage
- household bills (water, electricity, telephone, fuel)
- installment payments (car, loans)
- insurance premiums

- savings deposits

Many fixed expenses are paid every month, but others have to be paid every three or six months or every year. You can usually plan ahead and save a portion of the total to pay for the expenses when the bill is due.

Flexible expenses are those which do not occur on a regular basis. Here are some common flexible expenses:

- food, cleaning and paper products
- clothing and personal items (laundry, hair cuts, accessories)
- transportation (gasoline, car repair, public transportation)
- medical care (doctor bills, medicine)
- education and recreation (books, magazines, movies, entertainment, vacations)
- gifts and donations (birthdays, holidays, charity)

The list of flexible expenses may vary from month to month. People who keep spending records for the first time are often surprised by how much they spend on things they don't really need or want. If you gain better control over your flexible expenses, you will have an easier time covering your fixed expenses, avoiding late penalties and achieving your goals.

Use Tables 10 and 11 to calculate your fixed and flexible expenses. Some people say that its best to figure out how much they spend every month. Others calculate their expenses for each week. Since some expenses are usually made on a weekly or monthly basis, it may be useful to calculate your expenses both ways. That will help you see more clearly how you spend money.

In Table 12 (at the end of this publication) add the fixed and flexible expenses to calculate how much you spend each month. Remember, these tables are only meant to help you make your first spending plan. You have to experiment to find the easiest way to manage your money.

Step 5: Compare Income and Expenses

Now that you have calculated your income and expenses in Steps 3 and 4, compare them and move them to Table 13 or 14.

If your total income is larger than your total expenses:

Table 13.

(1)Total Income	\$
Minus	-
(2)Total Expenses	\$
(3)Equals	\$

- You can use the amount left to reach your short and long term goals.
- If your total expenses are more than your total income:

Table 14.

(1)Total Expenses	\$
Minus	-
(2)Total Income	\$
(3)Equals	\$

Some adjustments need to be made. It will be increasingly difficult to reach your short and long term goals if you continue to increase your total debt every month. Review your spending and see what cuts can be made. Explore ways to increase earnings.

Whether you are saving money each month or going further into debt, you could probably manage your money even better than you are right now.

Step 6: Changing Your Spending Plan

You can change your spending plan. Review your income, debts, and spending. Take a hard look at your flexible expenses. There are ways to control them by either reducing the need for them or

adjusting what is spent on them. **Remember a simple rule: If it helps you reach your goals, do it. If not, don't!**

Getting the Most out of Your Possessions

House

- Keep it clean.
- Repair damage as soon it occurs.

Clothing

- Keep clothes clean and have a place to store clothing.
- Treat stains as soon as possible.

Cars and Appliances

- Follow manufacturer's guidelines for service.
- Check and maintain correct fluid levels and air pressure in tires.

Food

- Store food properly.
- Use before expiration date.

Personal Costs

- Eat nutritious food.
- Exercise on a regular basis.
- Eliminate unhealthy and costly habits.

Acquiring Goods and Services

- **Share.** Share ideas, items and skills with others. Buy in bulk and split the cost with a friend, when it can save money.
- **Trade.** One can swap or trade products or skills. Trade things you don't need by selling or exchanging them.
- **Repair or make it.** It may be cheaper to make or repair it if you have the skills, time and supplies needed.

- **Shop around.** Buy from sales, second-hand stores, or discount stores.
- **Negotiate to lower prices.**
- **Pay your bills on time.** It is cheaper because businesses charge late fees for payments made after the due date.

Step 7: Stick to Your Plan

You can create a new spending plan by modifying your current plan. If you can increase your income, add the amount to the income sheet in Step 4. If you can reduce your spending, subtract the amount from the expense sheets in Step 5. Compare the new total income and expenses. You will have to change your habits to reach your new goals.

Keep track of your income so you can save enough to pay your bills on time and to begin saving for your short and long term goals. If you do not have a savings or checking account, get one. If you can't, then put money for each expense into separate envelopes, a file box, or some other safe place. Take money out of the envelopes whenever you need to pay the bills.

Helpful Tips

- It will help you find out exactly how much you can spend and save to achieve your short and long term goals. • Focus on your short and long term goals. If it helps you reach your goals, do it. If not, don't!
 - Get into the **habit** of keeping and organizing records.
 - Keep spending records simple.
 - Find a simple and effective recording and organizing system.
 - Take good care of yourself and your possessions.
 - Eliminate unnecessary expenses.
 - Fix or get rid of things that don't work right.
- Don't buy it new, make it or buy it used.
 - Buy in bulk. Share the costs with neighbors.
 - Set aside money for your bills and goals.
 - Pay your bills on time.
 - Stick with your plan one month at a time.
 - Review your plan every month.
 - Reward yourself by doing things that don't cost money.

Table 10.

FIXED EXPENSES					
Expenses	\$ per week	\$ per month	Expenses	\$ per week	\$ per month
Housing			Insurance		
Rent/Mortgage			Health		
Cable TV			Life		
Water			Automobile		
Electricity			Home		
Fuel			Other		
Phone			Subtotal	\$	\$
Other					
Subtotal	\$	\$	Savings		
			Payroll Deduction		
Installment Debts			Christmas Club		
Furniture/Appliances			Set Asides		
Car			Other		
Loans			Subtotal	\$	\$
Other					
Subtotal	\$	\$	Other		
			Tithes		
Child Care			Pager		
Babysitter			Other		
Nursery/Day Care			Subtotal	\$	\$
Other					
Subtotal	\$	\$	TOTAL	\$	\$

Table 11.

FLEXIBLE EXPENSES					
Expenses	\$ per week	\$ per month	Expenses	\$ per week	\$ per month
Food and Other Items			Medical Care		
Groceries			Doctor's Bills		
Restaurants			Prescriptions		
Cigarettes			Therapy		
Pet Food			Other		
Cleaning/Other Supplies			Subtotal	\$	\$
Other					
Subtotal	\$	\$	Education/Recreation		
			Books/Magazines		
Clothing/Personal Care			Movies/Records		
Purchases			School Supplies		
Repairs/Alterations			Vacations		
Dry Cleaning			Other		
Accessories			Subtotal	\$	\$
Hairdresser/Barber					
Other			Gifts and Donations		
Subtotal	\$	\$	Birthdays		
			Holidays		
Transportation			Charities		
Public Transportation			Other		
Maintenance (Tune-ups)			Subtotal	\$	\$
Operation (Gas, Oil)					
Other (Tags)					
Subtotal	\$	\$	TOTAL	\$	\$

Table 12.

Expenses	\$ Per Month
Fixed Expenses	
Housing	
Installment Debts	
Child Care	
Insurance	
Savings	
Other	
Total	\$
Flexible Expenses	
Food and Related Items	
Clothing and Personal Care	
Transportation	
Medical Care	
Education/Recreation	
Gifts and Donations	
Other	
Total	\$
Grand Total	\$