

How to Make a Spending Plan: Step 4, How Much Do You Spend?¹

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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 in a set amount 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

1. This document is FCS 7170, one of a series of the Department of Family, Youth and Community Sciences, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida. First published: February 1997. Revised: August 2005. Please visit the EDIS Web site at <http://edis.ifas.ufl.edu>

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expenses, avoiding late penalties and achieving your goals.

Use Tables 1 and 2 to calculate your fixed and flexible expenses. Some people say that it's 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.

Table 1.

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		
Installment Debts			Payroll Deduction	_____	_____
Furniture/Appliances	_____	_____	Christmas Club	_____	_____
Car	_____	_____	Set Asides	_____	_____
Loans	_____	_____	Other	_____	_____
Other	_____	_____	Subtotal	\$ _____	\$ _____
Subtotal	\$ _____	\$ _____	Other		
Child Care			Tithes	_____	_____
Babysitter	_____	_____	Pager	_____	_____
Nursery/Day Care	_____	_____	Other	_____	_____
Other	_____	_____	Subtotal	\$ _____	\$ _____
Subtotal	\$ _____	\$ _____	TOTAL		
			\$ _____	\$ _____	\$ _____

Table 2.

FLEXIBLE EXPENSES

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

In Table 3, add the fixed and flexible expenses to calculate how much you spend each month.

Table 3.

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	\$ _____

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.