

# Building a Spending Plan: Step 4—How Much Are Your Fixed and Flexible Expenses?<sup>1</sup>

Nayda I. Torres, Josephine Turner, and Brenda C. Williams<sup>2</sup>

This step helps you record all of your expenditures each month. There are two major types of expenses in a spending plan. They are “fixed expenses” and “flexible or controllable expenses.”

**Fixed expenses** are those you usually pay on a regular basis. They may be the same amount each time, or they may vary from month to month. Here are some common fixed expenses:

- Child care
- Rent or mortgage
- Household bills (water, electricity, phone)
- Installment plans (car, loans)
- Insurance premiums
- Deposits to savings account

Many fixed expenses are paid every month, but others have to be paid every three months (quarterly), every six months (semiannually), or every year (annually).



Credits: JupiterImages, © Getty Images

**Flexible expenses** are those that usually vary in amount from month to month. Since you are not committed to previous agreements with others for these amounts, you have more control over these expenses than for fixed expenses. When you are squeezed financially, you can cut back on flexible expenses or even cut some out. Flexible expenses can include the following:

- Food (groceries, eating out)
- Clothing (new clothes, clothing repairs, dry cleaning)

1. This document is FCS7170, one of a series of the Department of Family, Youth and Community Sciences, UF/IFAS Extension. Original publication date February 1997. Revised July 2012. Reviewed December 2018. Visit the EDIS website at <https://edis.ifas.ufl.edu> for the currently supported version of this publication.

2. Nayda I. Torres, professor emerita; and Josephine Turner, professor emerita, Department of Family, Youth and Community Sciences; and Brenda C. Williams, Extension agent IV, UF/IFAS Extension Alachua County; UF/IFAS Extension Gainesville, FL 32611.

The Institute of Food and Agricultural Sciences (IFAS) is an Equal Opportunity Institution authorized to provide research, educational information and other services only to individuals and institutions that function with non-discrimination with respect to race, creed, color, religion, age, disability, sex, sexual orientation, marital status, national origin, political opinions or affiliations. For more information on obtaining other UF/IFAS Extension publications, contact your county's UF/IFAS Extension office.

U.S. Department of Agriculture, UF/IFAS Extension Service, University of Florida, IFAS, Florida A & M University Cooperative Extension Program, and Boards of County Commissioners Cooperating. Nick T. Place, dean for UF/IFAS Extension.

- Transportation (gasoline, car repair, public transportation)
- Medical care (doctor bills, medicine)
- Education and recreation (books, magazines, movies, entertainment, vacations)
- Personal care (haircuts, manicures)
- Gifts and donations (birthdays, holidays, charity)

Flexible expenses usually 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.

As you gain better control over your flexible expenses, you will have an easier time covering your fixed expenses, avoiding late penalties, and achieving your financial goals.

There are four tables that are provided to assist you in calculating your total expenses. Follow the directions below for each of the tables.

**Table 1** is designed for you to list all of your monthly **fixed expenses**. If some of your expenses are paid other than monthly (such as a quarterly car insurance payment or a semiannual homeowner's insurance premium), use Table 3 to convert the payments into monthly payment amounts. Do not total the categories until you have completed Table 3.

**Table 2** is designed for you to list all of your monthly **flexible expenses**. You may total these categories when you have listed all of this type of expense.

**Table 3** is to be completed to make your record of expenses more complete. Think about the types of expenses listed and how often you make payments. If you make these payments monthly, then list that amount under the proper category in Table 2. If you make a quarterly payment (four times a year), list that amount under the "amount paid quarterly" column. If you make only two payments a year, list that under the "amount paid semiannually" column. Do this for all the payments that are made other than monthly. The calculation chart following Table 3 gives directions for converting these kinds of payments into monthly dollar amounts (to be listed in the "calculated monthly" column). List these same monthly amounts under the proper categories in Table 1. Then you can add all of the categories in Table 1.

**Table 4** is a final chart to list and add categories so that you get a grand total of all your expenses. This total will be used in Step 5 (<http://edis.ifas.ufl.edu/he825>).

Remember, these tables are only meant to help you make your first spending plan. You may add and delete categories to make the tables fit your exact expenditures.

Use Tables 1 and 2 to record and total your fixed and flexible expenses. These expenses are calculated by the month. These amounts can be determined by using your receipts, bank statements, check register, and other records.

In order to make your record of expenses more complete, you need to list those payments that you may not make every month. An example would be auto insurance that you pay quarterly (four times a year) or homeowner's insurance you pay semiannually (twice a year). Think about these types of fixed expenses and fill in the chart provided in Table 3.

**Note:** To get a monthly amount for the expenses listed in Table 3 above, use the following calculations:

- If the payment is made quarterly (four times a year), divide the amount by 3.
- If the payment is made semiannually (twice a year), divide the amount by 6.
- If the payment is made annually (once a year), divide the amount by 12.

List these amounts in the last column of Table 3 above and also in Table 1.

Table 4 provides a chart for you to total your fixed and flexible expenses for a monthly grand total of expenses. This is the amount of money you will need each month to cover all your expenses.

By completing all these charts in Step 4, you should have a complete determination of your total expenses per month.

For the rest of the steps in the *Building a Spending Plan* series, visit [http://edis.ifas.ufl.edu/topic\\_series\\_building\\_a\\_spending\\_plan](http://edis.ifas.ufl.edu/topic_series_building_a_spending_plan).

Table 1.

Monthly Fixed Expenses			
Expenses	\$ per month	Expenses	\$ per month
<b>Housing</b>		<b>Insurance<sup>1</sup></b>	
Rent/Mortgage		Health	
Cable TV		Life	
Water		Automobile	
Electricity		Home	
Fuel		Other	
Phone		<b>Subtotal</b>	\$
Other			
<b>Subtotal</b>	\$	<b>Savings</b>	
		Payroll Deduction	
<b>Installment Debts</b>		Christmas Club	
Furniture/ Appliances		Set Asides	
Car		Other	
Loans		<b>Subtotal</b>	\$
Other			
<b>Subtotal</b>	\$	<b>Other</b>	
		Tithes	
<b>Child Care</b>		Other	
Babysitter		<b>Subtotal</b>	\$
Nursery/Day Care			
Other			
<b>Subtotal</b>	\$		

<sup>1</sup> If these are not paid monthly, see Table 3 for instructions on how to calculate the monthly amount.

Table 2.

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

Table 3.

Additional Fixed Expenses				
Category	Frequency of Payment			Calculated Monthly Expenses (see note below)
	Amount Paid Quarterly	Amount Paid Semiannually	Amount Paid Annually	
<b>Insurance</b>				
Auto				
Life				
Home				
Health				
Disability				
Other				
Taxes				
Licenses				
Regular savings				
Short-term goals				
Long-term goals				
Other				

Table 4.

Grand Total of Monthly Fixed and Flexible Expenses	
Expenses	\$ per month
<b>Fixed Expenses</b>	
Housing	
Installment Debts	
Child Care	
Insurance	
Savings	
Other	
Calculated Additional Monthly Expenses from Table 3	
<b>Total Fixed Expenses</b>	\$
<b>Flexible Expenses</b>	
Food & Related Items	
Clothing & Personal Care	
Transportation	
Medical Care	
Education/Recreation	
Gifts & Donations	
Other	
Calculated Additional Monthly Expenses from Table 3	
<b>Total Flexible Expenses</b>	\$
<b>Grand Total of Expenses</b> (add totals of two boxes above)	\$