

Building a Spending Plan: Step 6—Sticking to Your Plan¹

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You can modify your spending plan. If your income increases, add the amount to the income sheet in Step 3 and Step 5 (see the earlier publications in this series, available online at http://edis.ifas.ufl.edu/topic_series_building_a_spending_plan). If you reduce your spending, subtract that amount on the appropriate tables in Step 4 and Step 5. This will allow you to compare the new total income and expenses in Step 5.

To make your spending plan a financial management tool, you will want to complete the following tables (Table 1 and Table 2) at the end of each month after you have paid all your bills. By comparing the planned expenditure amount with the actual amount spent in each category, you can quickly see if you are staying on budget.

If your actual amount is equal to or less than your planned amount, then you are staying on budget. If the actual amount is more than the planned amount, you are overspending. Go back to Step 5 to see if you can think of ways to cut expenses. Then make those cuts in Step 4 so you will not be over budget next month.

Tracking your expenditures in this manner each month will quickly get you back on budget if you make the necessary adjustments. Tracking expenditures will also help you find out exactly how much you can spend and save to achieve your short- and long-term goals.

Get into the habit of keeping and organizing your records. Keep receipts, bank statements, pay stubs, and check registers in a safe place. They are important for your spending plan and at income tax time.

Keep your spending records simple and in a convenient place. You will want to refer to them periodically throughout the year as suggested in these steps. You may also want to compare your spending from year to year. Make a totals page that adds together all the monthly expenditures for each category. (You can use the categories found in Step 4.) Then you can compare year to year.

Try to eliminate unnecessary expenses. Review your financial goals. Does more money need to be directed toward your goals and less money toward current expenses? What expenses can you cut down on or eliminate?

Pay your bills on time. That saves you money because you won't have to pay late fees. It also builds your credit rating.

Remember to review your spending plan each month by using the following tables. They will help you stick to your spending plan so you have money available to put toward your financial goals. Reaching your goals will provide great satisfaction as you practice better money management.

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.

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Table 1.

Category	Fixed Expenses by the Month _____ Month, _____ Year		
		Planned (from Step 4, Table 1)	Actual
Housing:	Rent or mortgage	\$	\$
	Electricity/Gas		
	Water		
	Phone		
	Cable		
	Other		
Installment Debt:	Car		
	Furniture/Appliances		
	Loans		
Child Care:	Babysitter		
	Nursery/Day Care		
	Other		
Insurance:	Auto		
	Life		
	Home		
	Health		
	Disability		
	Other		
Savings:	Payroll deduction		
	Regular savings		
	Club accounts		
	Other		
Other:	Tithes		
	Other		
Totals:		\$	\$

Table 2.

Category	Flexible Expenses by the Month Month, Year		
		Planned (from Step 4, Table 2)	Actual
Food:	Groceries	\$	\$
	Restaurants		
	Cigarettes		
	Cleaning & other supplies		
	Other		
Clothing & Personal Care:	New clothes		
	Clothing & shoe repairs		
	Dry cleaning		
	Hairdresser/Barber		
	Other		
Transportation:	Public		
	Maintenance (tune-ups)		
	Operation (gas, oil)		
	Tags & licenses		
	Other		
Medical Care:	Doctor's bills		
	Prescriptions		
	Therapy		
	Other		
Education & Recreation:	Books/Magazines		
	Movies/Music		
	School supplies		
	Vacations		
	Other		
Gifts/Donations:	Birthdays		
	Holidays		
	Charities		
	Other		
Totals:		\$	\$