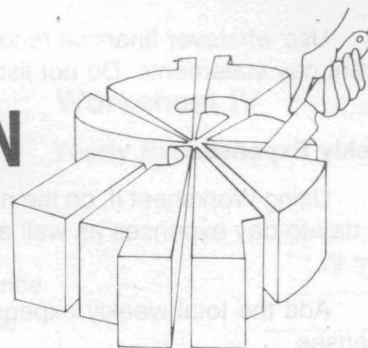


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YOUR FAMILY SPENDING PLAN



Almost everyone would like to have more money. However, more money isn't always possible and doesn't always solve the problem. Most people must get along on what they have.

Whether a family has a lot of money or just a little, a sound plan for spending and saving is the key to having dollars for what is needed and wanted before the money disappears in unexpected ways. A spending plan can help a family:

- identify available resources
- plan for today and tomorrow
- identify and reach financial goals
- spend and save more effectively
- develop confidence, independence and resourcefulness in handling financial problems

A plan for spending and saving possesses no magic. It cannot change the amount of money you have. It cannot make you save. Neither can it eliminate financial crisis. But a spending plan can help control the use of money so it meets needs and wants.

Preparing a Spending Plan

Essentially, there are three basic steps in setting up a plan:

- determine income
- estimate expenses
- adjust spending to income available

Use worksheets I through IV to record your income and expenses. Once these items are down on paper, you can see where your money is going. Then you are better prepared to decide where you would like your money to go.

Step 1

Using Worksheet I, write in each person's take-home pay. If someone is paid weekly, multiply by 52 to get yearly income. If paid monthly, multiply by 12. Multiply by 26 if one is paid every 2 weeks and by 24 if paid twice every month.

Total all the individual yearly incomes to find the family's yearly income. Add any interest, dividends or other income. Use this sum as the total family income available for expenses.

Worksheet I

Husband:

Take-home pay each pay period
(after taxes and other payroll deductions) \$ _____

Number of times a year paid _____

Total yearly income \$ _____

Wife:

Take-home pay each pay period \$ _____

Number of times a year paid _____

Total yearly income \$ _____

Other Family Members:

Take-home pay each pay period \$ _____

Number of times a year paid _____

Total yearly income \$ _____

Total of take-home pay from all family members \$ _____

Interest, dividends or other regular income \$ _____

Total Family Income \$ _____

*Prepared by Extension family resource management specialists. The Texas A&M University System.

Step 2

Use whatever financial records you have to estimate your expenses. Work from checkbooks, receipts and current pay statements. Do not list the same expense on more than one worksheet.

Weekly Expenses

Using Worksheet II, on the next page, list the amount your family spends for items purchased weekly. Include any day-to-day expenses as well as bills paid by the week. If you have any expenses not listed on the form, write them in.

Add the total weekly expenses. Multiply this amount by 52 to get an annual estimate of your total weekly expenses.

Monthly Expenses

On Worksheet III, list all bills and expenses you pay by the month. If you have any expenses not listed on the form, write them in.

Add the monthly expenses. Multiply this amount by 12 to get an annual estimate of your total monthly expenses.

Yearly Expenses

Some expenses come irregularly or once or twice a year. On Worksheet IV, list expenses that have not already been recorded. Unexpected or emergency expenses could also be recorded here. Listing these expenses before they happen will help you set aside money ahead of time.

Add the total yearly expenses.

Step 3

To compare your expenses with your income, complete these blanks:

	Expenses	Income
Total Family Income (from Worksheet I)		\$ _____
Total Weekly Expenses Per Year (From Worksheet II)	\$ _____	
Total Monthly Expenses Per Year (From Worksheet III)	\$ _____	
Total Yearly Expenses (From Worksheet IV)	\$ _____	
Total Expenses (Add totals from Worksheets II, III and IV)		\$ _____

Do expenses equal income? If expenses are greater than your income, the family will need to make some decisions about what to do. Review the lists of expenses again. Are there items that can be reduced, postponed or eliminated?

Consider the needs and wants of the entire family. Involve everyone in the planning discussions. Were you unable to get some of the things you wanted? Did you spend too much for one item with not enough to cover other items? You may need to evaluate your spending and saving to see what changes can be made.

Estimated Family Expenses

Worksheet II

Weekly Expenses

Food
 (home and away from home) _____
 School lunches _____

Household Supplies _____

Recreation
 (movies, hobbies, sports) _____

Transportation
 Gas for car _____
 Parking _____
 Bus, car pool _____
 Other _____

Contributions
 Church _____
 Other _____

Other _____

Other _____

Worksheet III

Monthly Expenses

Savings _____

Housing
 Mortgage or rent _____
 Furnishings _____
 Equipment _____
 Cleaning _____
 Insurance _____

Utilities
 Water _____
 Electricity _____
 Gas _____
 Telephone _____
 TV Cable _____
 Other _____

Installment Payments
 Car _____
 Credit Card _____
 Credit Card _____
 Appliance or Television _____
 Loans _____
 Loans _____
 Other _____

Personal Allowances _____

Personal Care _____

Child Care _____

Other _____

Worksheet IV

Yearly Expenses

Car
 Insurance _____
 License _____
 Upkeep, repairs _____
 Inspection _____

Clothing _____

Life Insurance _____

Medical
 Doctor _____
 Drugs _____
 Insurance _____

Gifts _____

Contributions _____

Education
 Tuition-registration _____
 Room and board _____
 Books _____
 Magazines _____

Investments _____

Taxes _____

Other
 Dues _____
 Other _____

<p>Total Weekly Expenses \$ _____</p> <p style="text-align: center;">x52</p> <p style="text-align: center;">↓</p> <p>Total Weekly Expenses Per Year \$ _____</p>	<p>Total Monthly Expenses \$ _____</p> <p style="text-align: center;">x12</p> <p style="text-align: center;">↓</p> <p>Total Monthly Expenses Per Year \$ _____</p>	<p>Yearly Expenses \$ _____</p> <p style="text-align: center;">↓</p> <p>Yearly Expenses \$ _____ = \$ _____</p> <p style="text-align: right;">TOTAL YEARLY EXPENSES</p>
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Family Spending Plan

Practice keeping family records so that you can use real amounts in planning rather than estimates. Records can show what you actually spent for each budget category and can help you see where spending may need to be adjusted. Do not just decide to cut any area of spending or saving without knowing exactly what you are spending. For example, you can't decide to cut food costs without knowing what is spent for food items, non-food items, food away from home, or non-essential foods.

Use a calendar, ledger, or some other method to record your weekly, monthly and yearly expenses. Then use the worksheet below to compare what you actually spend with what you plan to spend. This will

help you allocate money for all expenses. To determine the monthly amounts, divide each total on Worksheets I, II, III and IV by 12.

After your family has developed a spending plan for a month, based on real records, consider future goals and plan for a longer time period. For example, when the car is paid off, will that money be saved, put on another debt or just spent? A long-range spending plan takes into account the life expectancy of a car or other such items. Plan for when their replacement will be necessary.

Don't be discouraged if the plan doesn't work the first time. It takes time and sometimes several adjustments to make a spending plan work.

MONTHLY SPENDING PLAN

	Actual	Planned
Total Family Income Per Month		
Amount of Monthly Income Needed for Weekly Expenses		
Amount of Monthly Income Needed for Monthly Expenses		
Amount of Monthly Income Needed for Yearly Expenses		
Balance		

The following Extension publications may be helpful to you in managing your finances:

- MP-1304 Financial Record Book (\$1.00)
- MP-1307 Savings and Investments
- D-985 Setting Your Household in Order

These are available from your county Extension office.

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