

Step 3

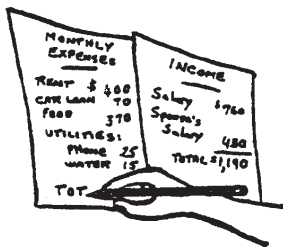
Make a list of all your family's expenses for the month. Do this on paper so you will be able to check off items as they are paid. The amounts can be estimated by looking at old bills, receipts, or canceled checks. Then keep track of everything you spend for your family for several months. Save your receipts. This will help you determine what your expenses will probably be in the future. At least once a week, write down what you have spent for items such as food, utilities, transportation, clothing, doctor/medicine, and other items.

Step 4

Don't forget that families often have unexpected expenses. Plan to save something each month to use when an emergency happens and you need extra money.

Step 5

Compare your income to your expenses. You may find that you must adjust your plan so spending doesn't add up to more than your income.



SETTING UP A BUDGET

Here is a list of the categories you may want to have in your budget or to use as labels for your money containers.

- Housing (rent or house payment)
- Food at home
- Food away from home
- Utilities (gas, electricity, water, garbage, phone)
- Clothing
- Transportation (gasoline, oil, tires, repairs for car/truck; bus fare)
- Insurance (health, life, home, car/truck)
- Furniture
- Household maintenance (supplies, repairs)

- Child care/school expenses
- Recreation/entertainment
- Gifts/donations
- Savings
- Other

You may want to use the following form.

| Where Does Your Money Go? | |
|--|------------|
| (List the amount of money owed for bills and other family expenses.) | |
| Housing | \$ _____ |
| Food | \$ _____ |
| Utilities | \$ _____ |
| Clothes | \$ _____ |
| Children's school expenses | \$ _____ |
| Car or bus transportation | \$ _____ |
| Insurance | \$ _____ |
| Furniture | \$ _____ |
| Household | \$ _____ |
| Recreation and entertainment | \$ _____ |
| Savings | \$ _____ |
| Other | \$ _____ |
| Total expenses | \$ _____ |
| Amount of money coming in | \$ _____ |
| Expenses | - \$ _____ |
| Amount of money left | = \$ _____ |

The next page is a budget guide for you to use as you work on your family's spending plan. Make any changes necessary to meet your family's needs.

Goals for the month:

Income for the month (net):

| | |
|--------|--------|
| Source | Amount |
| _____ | _____ |
| _____ | _____ |
| Total | _____ |

Fixed Expenses

| | Planned | Actual |
|--------------------|---------|--------|
| Housing: | | |
| Rent/house payment | _____ | _____ |
| Taxes | _____ | _____ |
| Other | _____ | _____ |
| Utilities: | | |
| Electricity | _____ | _____ |
| Gas/oil | _____ | _____ |
| Water | _____ | _____ |
| Trash | _____ | _____ |
| Telephone | _____ | _____ |
| Other | _____ | _____ |

Insurance:

| | | |
|------------------|-------|-------|
| Homeowner/renter | _____ | _____ |
| Health | _____ | _____ |
| Life | _____ | _____ |
| Car | _____ | _____ |
| Other | _____ | _____ |

Installation Payments

| | Planned | Actual |
|--|---------|--------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| Savings | _____ | _____ |
| Monthly amount saved for periodic expenses | _____ | _____ |
| Regular savings | _____ | _____ |
| Other | _____ | _____ |

Flexible Expenses

| | Planned | Actual |
|-----------------|---------|--------|
| Food | | |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| Clothing | | |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Household expenses

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Medical care

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Education

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Transportation

| | | |
|----------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| Personal | _____ | _____ |
| _____ | _____ | _____ |

Recreational

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Gifts, contributions

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Other

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Total flexible expenses

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
|-------|-------|-------|

Summary

| | | |
|-------------------------|-------|-------|
| Total fixed expenses | _____ | _____ |
| Total flexible expenses | _____ | _____ |
| Total monthly expenses | _____ | _____ |

How did you do?

| | |
|------------|-------|
| Income | _____ |
| Expenses | _____ |
| Difference | _____ |

MONEY MANAGEMENT METHODS

Now that you know what you want and need, where your money comes from, and where it goes, you are ready to begin using a spending plan or budget. Here are two ways to manage it.

Method 1

At the beginning of the month, on a tablet or in a notebook, make a page that is titled "Income." On that page, list all the income you will have for the month. On the next page, write the title, "Expenses," and list all the things you know you will spend money for and how much you think you will spend. Then, as the month goes by, keep a record of all your expenditures. If you go over your estimate in one category, you may be able to adjust other categories, but remember that you only have so much money with which to work. At the end of the month, subtract your expenses from your income to determine how well you stuck to your budget. If you come up short of money at the end of the month, you will need to adjust your spending for the coming month. If you had money left over, put it in savings to meet one of your goals (such as a vacation or a new television) or to cover future emergencies.

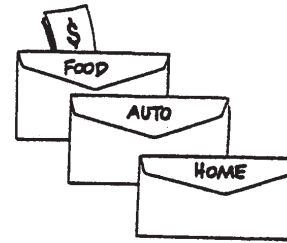


Method 2

At the beginning of the month—or whenever you get your paycheck/money—divide the money to cover the items in your budget. Label an envelope or a coffee can for each item and put the amount of money you will need in that container. As the month goes by, take money as you need it. Put the receipts for your purchases into the proper container so you can determine how well you did at the end of the month. When all the money is gone from one container, you must stop spending or borrow money from another container. But if you borrow, be sure to consider carefully, or you may

run out of money for something you really need. Keep a record of where you borrow so you can adjust your system for the coming month.

Whichever spending plan you choose to use, you may need to make revisions to better meet your family's



lifestyle. If you find that expenses are more than the amount of money coming in, you must make some changes in the way you are spending your money. If you have money left at the end of the month, you will want to put it in savings to meet one of your family's goals or to cover future emergencies.

Original author: Susan Wright, Extension Consumer Education Specialist

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