

Managing Your Family's Money

Revised by Bryce Jorgensen¹

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Managing a family's money can be a challenge, but it can be done. When you manage your family's money well, you will be able to buy the things you really need plus some of the things you want. Money is a limited resource, so using it wisely will make life much easier for you and your family.

Managing your family's money may sound complicated, but it's not so hard when you plan step-by-step. A step-by-step money plan is often called a "budget" or a "spending plan." It is a guide to help you spend your money wisely. A spending plan will help you:

- Get more for your family's money.
- Meet your family's needs for daily living.
- Provide for your family's future.
- Keep your family out of debt.



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STEPS FOR MANAGING YOUR FAMILY'S MONEY

To get started managing your money, you need to know how much money you have and what you need to use it for.

Step 1

Decide on your spending goals. Write down goals that are important to your whole family, for example, a vacation or a new television. Consider ways your family can work toward those goals.

What do you need and want? List some of the things that you and your family need and want. Determine a date by which you want to meet your goal.

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Our List

Step 2

Know exactly how much money you have. List all the money you know you will receive for the month, such as wages, child support, or food stamps. Write down any other income, such as gifts, that you know you will be receiving. Include thinking ahead about the future when you could be receiving potentially more money.

Step 3

Make a list of all of your family's expenses for the month. The amounts can be estimated by looking at old bills, receipts, or canceled checks. Think about future events that are coming up, such as holidays, birthdays, car inspections, oil changes, or doctors visits. As you're budgeting, be sure to include your goals and your savings as a category. Try minimizing your spending on luxury items and focus on your other priorities. Be sure that you give every single dollar you have coming in (including salary, gift money, tax return, etc.) a designation in your budget. Do not let a single dollar out of your control. You're the boss of your money here, the money is not the boss of you.

Step 4

Don't forget that families often have unexpected expenses. Prioritize to save each month for emergencies before you save for anything else. Not preparing for emergencies is a great way to get into debt. Emergencies will happen, we just don't know when, where, or how. Emergencies are not expected expenses, such as an oil change or an annual check-up from the doctor—you know when those expenses are coming.

Step 5

Compare your income to your expenses. Subtract your spending from your income and you should have a zero. What the zero tells you is that you're not spending more than what you are earning. Another thing that zero is telling you is that there is not a single dollar that got out of your control by having a positive number as a result. If there is a positive number, even if it's a one, give that dollar a name.

SETTING UP A BUDGET

Here is a list of the categories you may want to have in your budget.

- Housing (rent or house payment)
- Food at home
- Food away from home
- Utilities (gas, electricity, water, garbage, phone)
- Clothing
- Transportation (gas, 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

There are many ways to budget, such as using a budgeting application on your phone, a budgeting website, a notebook, or spreadsheet software. You can also 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	= \$ (zero)

Next is a budget worksheet for you to use as you work on your family's spending plan. Make any changes necessary to meet your family's needs.

BUDGET WORKSHEET

Month _____ 20____

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	_____	_____

Installment/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

	Planned	Actual
_____	_____	_____
_____	_____	_____

Personal

_____	_____	_____
_____	_____	_____

Recreational

_____	_____	_____
_____	_____	_____

Gifts, contributions

_____	_____	_____
_____	_____	_____

Other

_____	_____	_____
_____	_____	_____

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 your computer or in a notebook, make a page that is titled “Income.” On that page, list all the income you will have for the month. Make another page titled “Expenses” and list all the things you know you will spend money on 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 for each item and put the amount of money you will need in that envelope. As the month goes by, take out money as you need it. Put the receipts for your purchases into the proper envelope so you can determine how well

you did at the end of the month. When all the money is gone from one envelope, you must stop spending or borrow money from another envelope. 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.

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