

# Stretch Your Dollars

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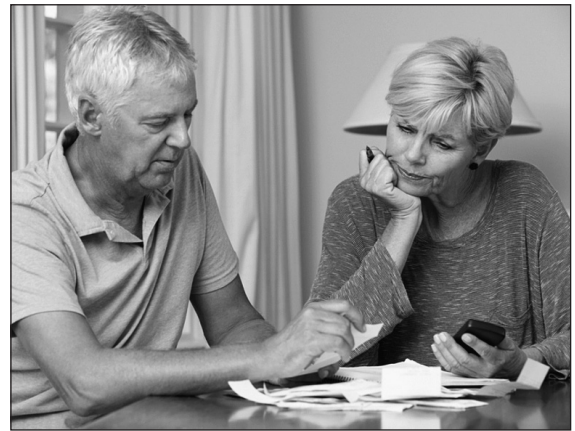
## Educational Objectives

1. Tracking your spending builds the base for your budget and savings.
2. Defining a budget gives your finances a structure and keeps you on track
3. A budget is necessary to carefully manage your family finances.
4. Small changes in spending and saving patterns impact your finances.

Families today are busier than ever, and may neglect financial planning and budgeting, allowing money to slip needlessly away. They may be unaware that their living expenses have exceeded their income.

It takes time to establish a budget, and it also takes discipline to manage it each month. It is essential that you take care of your money, so it can take care of you.

There are basic steps and procedures that will help you establish financial security.



## Tracking Your Spending

Have you tracked your spending lately? Track it closely for one month. You can find online forms to help you, or you can use a notebook.

Decide on a month and track all of your financial information. Track what everyone in the household contributes and spends.

1. Begin with income:

- Label one sheet or page “Income for the Month of \_\_\_\_.”
- On this page, you will list paychecks (your take-home salary after taxes, benefits and check-cashing fees).
- List any other income (after taxes), such as child support. Be sure to track all income.

2. Next, track expenses:

- Label a second sheet or page “Expenses for the Month of \_\_\_\_.”
- List everything you spend during the month.

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## Expense Categories

Assigning categories will help you organize your expenses and make them easier to track. Below are suggested categories to use.

### *Housing*

- Mortgage or rent
- Renter's or homeowner's insurance
- Utilities
- Internet, cable and phone
- Other housing expenses (property taxes, repairs)

### *Food*

- Groceries and household supplies
- Restaurants
- Other food expenses

### *Transportation*

- Gas for car, parking and tolls
- Car maintenance (oil changes, inspections)
- Car insurance
- Car loan payment
- Other transportation expenses

### *Health*

- Medicine
- Health insurance
- Other expenses (glasses, contact lenses, medical bills)

### *Personal and Family*

- Child care
- Child support
- Clothing and shoes
- Laundry
- Donations
- Entertainment (movies, amusement parks)
- Other personal or family expenses (haircuts)

### *Finance*

- Fees for money orders or cashier's checks
- Prepaid phone cards or other cards
- Bank or credit card fees
- Other fees of any kind

### *Other*

- School costs (books, supplies, tuition)
- Other payments for credit cards or savings accounts
- Other expenses not listed above

3. At the end of the month, add all income for a total.
4. Next, add each category of expenses. Then, add the totals of all the expense categories for the final expense total for the month.
5. List your total income and subtract the total of your expenses. What is your final number?

If your income is more than your expenses, you have money left to save or spend. If your expenses are more than your income, you need to look at your budget to find areas to cut expenses.

Don't be alarmed if your family budget reveals a budget deficit. Check that you have not overstated any expenses. Look at your family goals and standards of living; you may have to make adjustments. Are there ways the family can generate more income?

The thought of putting together and following a spending plan can be overwhelming. However, by staying organized and keeping track, you will have information needed to guide financial decisions.

This process is not easy at first. Staying organized can be difficult for those trying to keep a balanced budget. On the positive side, once you have it on paper it will be much easier to accomplish each month. After the first month or two, you will be familiar with how the process can work for you and it will take less time each month.



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## Build Your Family Budget

Use the information you tracked for the month to build your budget. If necessary, identify categories where you can cut your spending. Having money left at the end of the month allows you to save for emergencies, vehicle repairs or other expenses that come up from time to time.

Now you know what money you have available and can begin to save. Even if your income is much larger than your expenses, it is wise to track your spending and be aware of where and how much you are spending. There is a saying: "Take care of your money so it can take care of you." Tracking your spending will give you a clearer picture of your finances.

At certain times of the year, expenses will change. For example, in the summer you will have extra expenses for mowing the grass or watering the garden. Heating costs will be higher in the colder months. Holiday spending will affect your budget. Income tax time will arrive in the spring and property assessments in the late summer. Safety deposit boxes are usually paid yearly, as are many other expenses. Be aware of shifts in your financial needs and be a good steward.

## Set Goals and Plan Carefully to Reach your Goals

Saving money is something to strive for within any budget. Savings is the safety net for financial well-being.

By setting goals, you have a guide as you budget your money. You can be prepared in case of emergency repairs or health costs. You can set goals for replacing a vehicle, paying for a wedding or paying a debt. Build in a plan for putting money in the bank at every opportunity.

Involve your family in setting goals and understanding your family budget. They may not need all the details, but they will gain knowledge about the importance of financial planning.

### *Activity:*

Think of something you would like to have or to do that would require extra cash. Do you have a debt that needs paid? Would you like more money to spend at holiday time? Is there a child that will need a college fund? Is there a cause that you would like to donate a little extra to this year? Is there a family or student who could use support? Could you put aside extra money to enjoy sharing in some way later?

Write down your intention on a slip of paper and tuck it into your wallet as a reminder.

## Savings Suggestions

### Pay Yourself First

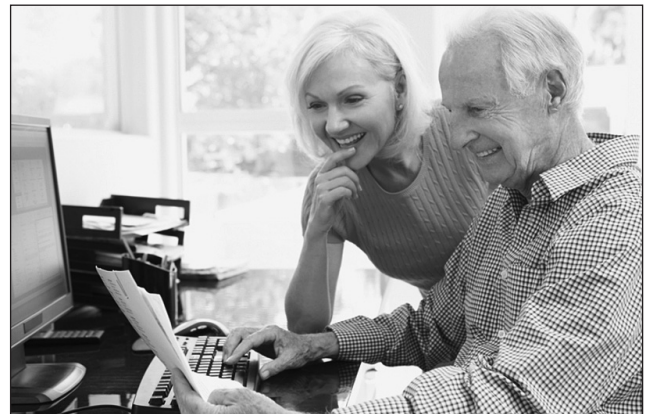
Each month you must treat the deposit into your savings account just like any other bill. Do not wait until the end of the month!

### Emergency Funds

Sometimes the unexpected happens. A true emergency fund amount is the amount that you spend to cover all of your regular expenses in a month. It is suggested that we add an additional 1 percent to this fund every month. This builds an even greater cushion for us.

Money in savings ensures that you have some money if needed. Knowing that there is an emergency fund certainly eases the stress.

Building an emergency fund for many of us will not happen overnight. Stay focused and make small changes so that you can continue adding to the fund.



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### Activity:

Break into groups of two or three. Ask participants to share ways they have cut costs and saved money.

### Spend Less

- When you're thinking about saving money, think of an item you have purchased and ask the following questions:
  - How can I buy it cheaper?
  - How can I make it last longer?
  - How can I use it less?
- Look at your cable/satellite TV. How much does it cost for the year?
- Take your lunch instead of buying it.
- Skip the high-dollar treats at the theater.
- Skip the specialty drinks.
- If you have a car, take care of it. Wash it yourself, and have maintenance done regularly.
- Ask your doctor if there are generic brands for your medicines.
- Keep your change for savings.

- Use reusable products, rather than disposable ones.
- Only buy clothing you need to build on your existing wardrobe.
- Every once in a while, have a “nothing week.” Buy nothing extra for the entire week.
- Ask, do we need this or do we want it?

### Stretch your dollars by:

- Tracking what you spend to give you a solid base for your budget and savings plans.
- Defining a budget that reflects your income to keep you financially on track.
- Identify small ways to spend less.

## Resources

“Build Your Savings,” *Family Consumer Sciences*, FSFCS43. University of Arkansas, Laura Connerly.

“Budgeting Basics,” University of Washington Extension.

“Managing a Family Budget,” Texas A&M Extension, Dean McCorkle, Steven Klose and Danny Klinefelter.

“Making a Budget,” Federal Trade Commission, [consumer.gov](http://consumer.gov).

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