

HEALTHY, WEALTHY, & WISE

Learning to improve financial health, increase wealth, and make wise consumer choices

Budget Basics

Some families seem to have a knack for making ends meet. The difference is not how much money they have but how well they manage their resources. These families have learned the value of planning and controlling expenses by using a spending plan.

In this issue, you will learn to make a monthly spending plan. Monthly expenses that stay about the same each month are easy to remember. You will also learn to plan for nonmonthly periodic expenses that can be budget-busters if you don't have money set aside for them.

Most "unexpected" expenses are things we've "neglected" in our spending plan. What are some expenses that always seem to cause stress for your family?

The next sections can help you decide if it's the little things or the big things that cause the most trouble. You may get a few ideas for ways to plan for or control them.

Little things add up

Does your money seem to just disappear? Cutting out a few daily expenses can do magic! Figure how much these "little things" cost each year:

•	Eating out \$5 per day = \$150 per month x 12 or \$ per year.
•	Cola \$1 per day = \$30 per month x 12 or \$ per year.
•	Movie rental \$5 per week x 52 = \$ per year.
•	Cigarettes \$4 per day x 365 = \$ per year.
•	Coffee $$2 \text{ per day x } 365 = $___$ per year.

• Alcohol \$20 per week x 52 = \$____ per year.

Snacks 1 per day x 365 = per year.

All of these together add up to \$6,015 per year.

What else could you do with nearly \$500 per month?





Use these words to complete the statements and increase your knowledge about spending plans.

	debt	fixed	income	periodic
	expenses	flexible	needs	written
1.	A spending plan he	lps families to live	within their	·
2.	One of the best way	ys to stay on track	with a spending plan	is to stay out of
3.	Two major parts of	`a spending plan a	re income and	·
4.	record of your inco	me and expenses f	is a good idea to kee for two or three mont e plan you can stick v	hs. This helps you
5.	monthly installmen	t credit payments a ments to remember	nth, like housing, car are called and the hardest to cl	expenses. These
6.	daily expenses. The much you can affor	ay include food, clee envelope method rd on your spendin	othing, gasoline, pers is one way to contro g plan and put that a	
7.	Irregular orhardest to remember expenses.	expenses er. To avoid budget	s that don't occur event bumps and bulges, j	ry month are the plan for these annual
8.	important part of b sure to set aside the fail to plan mistake when they get a pay	udgeting. Include a e money to cover the only believe they have ycheck. Those who	ave money to spend	adget first, and make es. Some people who on what they want ned realize that most of
	7. periodic 8. needs		Answers to knowledge al 3. expense 4. written	1. income 2. debt
	040,18.H 88		Answers to Little to Asso. B. \$1,	B' \$1'800 C'

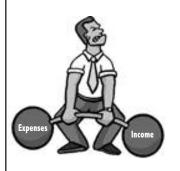


Monthly Spending Plan

Minus taxes and other deductions	\$
NET INCOME	\$
ESTIMATED EXPENSES	
Housing	
Food at home	
Food away from home	
Clothing	
Clothing care	
Life insurance*	
Car payment(s)	
Gasoline	
Utilities (gas, water, electricity)	
Cable TV	
Telephone	
Home furnishings/appliances	
Credit card payment(s)	
Other loans	
Personal care	
Health care (doctor, dentist, medicine)	
Household supplies	
Recreation	
Emergency fund/savings	
Savings for non-monthly expenses (see next page)	
Miscellaneous (pets, hobbies, club dues, subscriptions)	
TOTAL EXPENSES	\$
DIFFERENCE BETWEEN	

The first step in making a spending plan is to figure your income and estimate your expenses. If you keep a written record of what you actually spend for a month or two, your estimated expenses will be more realistic.

Use the form to the left to record income and expenses. Finally, subtract your total expenses from your net income. If the result is negative, look for ways to cut back. Your goal is to balance your income with your expenses.



INCOME AND EXPENSES

^{*}Do not include if payroll deducted



Schedule Nonmonthly Expenses

Most spending plans are based on **monthly** income and expenses. Some expenses do not occur monthly but rather periodically throughout the year. When a major **nonmonthly** expense such as car insurance comes due, it may be difficult to pay the entire amount out of one month's income. Planning ahead for major expenses eliminates this problem. Use the form below to help you calculate how much to set aside each month so you can pay major bills when they are due. In other words, break large payments down into monthly payments to prevent your budget from being blown! An example is shown.

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Yearly cost	Average monthly amount
Car services/ tires				35					35	300	35	405	810	67.50
Taxes— personal property									150				150	12.50
Auto insurance		300						300					600	50.00
Total amounts	·	300		35				300	185	300	35	405	1560	130.00

↑ EXAMPLE ↑

Set aside each month

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Yearly cost	Average monthly amount
T-4-1														
Total amounts														A

Set aside each month

IN THE NEXT ISSUE: Saving

Revised by **Dr. Bobbie Shaffett**, Extension Professor, from *Marriage and Money* newsletter series by Joy Buffalo, County Extension Agent, Franklin County, and Dr. Lynn Russell, Extension Family Resource Management Specialist, University of Arkansas Extension Service.

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