



# Your Family Spending Plan

by Extension Family Economics Specialists, 1998

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
- ! 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, enter 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

You:

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

\_\_\_\_\_ Number of times a year paid

\$\_\_\_\_\_ TOTAL YEARLY INCOME

Spouse:

\$\_\_\_\_\_ 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 FOR ALL MEMBERS

\$\_\_\_\_\_ Interest, dividends, other regular income

\$\_\_\_\_\_ **TOTAL FAMILY INCOME**

### 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.

**Annual Expenses.** Some expenses come irregularly, 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 yearly expenses.

### Step 3

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

\$_____	Total Family Income (I)
\$_____	Weekly Expenses (II)
\$_____	Monthly Expenses (III)
\$_____	Annual Expenses (IV)
\$_____	Total Expenses

Do expenses equal income? If expenses are greater than income, you will need to decide what to do. Review your expense lists again (Worksheets I, II, and III). *Are there items that can be reduced? Postponed? 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.

### Family Spending Plan

Practice keeping financial records so you can use real amounts in planning instead of estimates. Your records show what you actually spent for each budget category and can help you see where spending can be adjusted.

Use a calendar, ledger, or some other method to record your expenses. Then use the **Monthly Spending Plan** worksheet to compare what you actually spent with what you planned to spend. This will help you allocate money for all expenses.

After you develop a monthly spending plan, 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? Or will it be set aside in a car replacement fund?

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 Monthly Income		
\$ for Weekly Expenses		
\$ for Monthly Expenses		
\$ for Annual Expenses		
Balance		

## Worksheet II Weekly Expenses

\$\_\_\_\_\_ Food (*at home and away from home*)

\$\_\_\_\_\_ Household Supplies

\$\_\_\_\_\_ Recreation (*movies, hobbies, sports*)

\$\_\_\_\_\_ Transportation (*gas, parking, etc.*)

\$\_\_\_\_\_ \_\_\_\_\_

\$\_\_\_\_\_ \_\_\_\_\_

\$\_\_\_\_\_ \_\_\_\_\_

### Daily Expenses

Remember to include amounts spent by family members on a daily basis.

If four family members spend an average of \$5.00 per day, this will be an extra \$100 per week.

\$\_\_\_\_\_ Total Weekly Expenses

\$\_\_\_\_\_ Total x 52

## Worksheet III Monthly Expenses

\$\_\_\_\_\_ Savings

\$\_\_\_\_\_ Housing (*mortgage, rent, furnishings, equipment, cleaning, insurance*)

\$\_\_\_\_\_ Utilities (*water, electricity, gas, telephone, trash, cable*)

\$\_\_\_\_\_ Installment Payments (*auto, credit cards, loans*)

\$\_\_\_\_\_ Child care

\$\_\_\_\_\_ Personal care

\$\_\_\_\_\_ Personal Allowances

\$\_\_\_\_\_ \_\_\_\_\_

\$\_\_\_\_\_ \_\_\_\_\_

\$\_\_\_\_\_ \_\_\_\_\_

\$\_\_\_\_\_ Total Monthly Expenses

\$\_\_\_\_\_ Total x 12

## Worksheet IV Annual Expenses

\$\_\_\_\_\_ Car (*insurance, license, repair, inspection*)

\$\_\_\_\_\_ Clothing

\$\_\_\_\_\_ Life Insurance

\$\_\_\_\_\_ Medical (*doctor, dental, drugs, insurance*)

\$\_\_\_\_\_ Gifts

\$\_\_\_\_\_ Donations and Contributions

\$\_\_\_\_\_ Education (*Tuition, room and board, books, magazines*)

\$\_\_\_\_\_ Investment

\$\_\_\_\_\_ Taxes

\$\_\_\_\_\_ \_\_\_\_\_

\$\_\_\_\_\_ \_\_\_\_\_

\$\_\_\_\_\_ \_\_\_\_\_

\$\_\_\_\_\_ Total Annual Expenses

# Budget Planning Categories

## I. Sources of Income: Gross Income

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- A. Earned Income
  - 1. Salary and wages
  - 2. Self-employment income
  - 3. Bonuses
- B. Investment Income
  - 1. Interest on savings
  - 2. Interest from bonds
  - 3. Capital gains
  - 4. Dividends
  - 5. Rental Income
  - 6. Trust Income
- C. Pension and Annuity Income
  - 1. Social Security
  - 2. Pension from previous employment
  - 3. Private pensions
  - 4. Other retirement income
- D. Other Income
  - 1. Family contributions
  - 2. Gifts
  - 3. Unemployment, disability insurance
  - 4. Child Support
  - 5. Other income

## II. Deductions from Gross Income

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- A. Income taxes
- B. Social security
- C. Payroll deductions
  - 1. Health insurance
  - 2. Life insurance
  - 3. Disability insurance
  - 4. Other deductions
- D. Other deductions from gross income
  - 1. Retirement account/pension plan
  - 2. Child support payments

## III. Fixed Expenses

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- 1. Savings (pay yourself first!)
- 2. Rent/mortgage
- 3. Utilities
- 4. Telephone (could also be considered flexible)
- 5. Water
- 6. Property insurance
- 7. Car insurance
- 8. Disability insurance
- 9. Life insurance
- 10. Health insurance
- 11. Personal property taxes
- 12. Real estate taxes

- 13. Income taxes
- 14. Car loan
- 15. Loan #1
- 16. Loan #2, etc.
- 17. Other debt
- 18. Emergency fund

## IV. Flexible Expenses

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- 1. Saving and Investing
- 2. Food at home
- 3. Food away from home
- 4. Clothing
- 5. Laundry/clothing maintenance
- 6. Home/office supplies
- 7. Personal care and toiletries
- 8. Personal allowances
- 9. Books, magazines and newspapers
- 10. Recreation and entertainment
- 11. Travel and vacation
- 12. Gifts
- 13. Cable, video rental, lottery
- 14. Other
- 15. Household maintenance
  - a. Yard care
  - b. Household help
  - c. Trash removal
  - d. Repairs
  - e. Home furnishings
  - f. Purchase of major appliances
- 16. Transportation
  - a. Gasoline/oil
  - b. Repairs/maintenance
  - c. Licenses/registration
  - d. Parking, commuting expenses
- 17. Children's expenses
  - a. Allowances
  - b. School costs
  - c. Special lessons
  - d. Camp
  - e. Recreation/sports
- 18. Educational expenses
  - a. Tuition
  - b. Room/board
  - c. Books/supplies
  - d. Travel
  - e. Miscellaneous
- 19. Medical expenses
  - a. Doctor
  - b. Dentist
  - c. Drugs
  - d. Eyeglasses
- 20. Contributions
- 21. Finance charges/interest
- 22. Bank charges
- 23. Professional expenses
- 24. Computer-related expense
- 25. Other flexible expenses

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