

Making Ends Meet

A guide to help families get the most from their money

Making ends meet is a challenge for almost every family. One of the most important tools to help you meet that challenge is a spending and saving plan that fits your family.

Your plan for spending and saving is a guide for dividing your income so it provides for your needs and as many of your wants as possible. A spending and saving plan can help you in these ways:

- live within your income,
- put your needs above your wants,
- set aside money for large planned expenses and emergencies,
- save for the things you want,
- avoid or reduce family arguments about money,
- spend more wisely,
- make your dreams come true.

This publication helps you develop a spending and saving plan for your family. The following six steps can help your family get the most from the money available to you.

Step 1. Identify Family Goals

Before you begin to divide up your income, think about your family goals. What is important to you and your family? Your values influence the goals you set for using your money.

Your family probably has a number of goals that require money. Talk over family goals for using money, and try to identify the ones that are most important to your family.

Some goals may take a short time to reach, while others may require a longer time, maybe even several years. Family goals change from time to time. Every now and then, review your goals to see if they are still important to family members.

Have you ever talked together, as a family, about the goals of each person and the family for using money? The following activity may help you identify some of your most important individual and family goals.

First, ask each family member to write down his or her goals that require money. The goals can be individual or family goals. They can be desired soon or in the future. Here's an example:

The things or goals that I would like to have or do are –

- make money last until the next pay period
- have a sofa that makes into a bed
- pay all the bills.

Then, have each family member mark each goal he or she has written down, indicating which ones are most important:

*** three stars if it is something the family or a family member must have or do.

** two stars if it is something needed or wanted, if the family can possibly find the money, but could be put off for a while.

* one star if it is something that would be nice to have or do but could be put off for quite awhile or could even be given up entirely. Here's an example:

Here are the things or goals I would like to have or do –

- *** make money last until the next pay period
- * have a sofa that makes into a bed
- ** pay all the bills

Next, have one person collect each family member's list and combine them to make one list with goals that are alike grouped together.

Once the goals are all listed, have family members discuss each one and agree on its importance to the family.

Finally, use the information you gained through discussion and agreement on family goals to complete the following chart.

Our Family Goals

To Accomplish This Year	Estimated Cost	How To Reach Goal *
1.		
2.		
3.		
To Accomplish in the Next 5 Years	Estimated Cost	How To Reach Goal *
1.		
2.		
3.		
To Accomplish in More Than 5 Years	Estimated Cost	How To Reach Goal *
1.		
2.		
3.		

* Some examples: save each pay period, work overtime, use income tax refund.

Step 2. Figure Your Family Income

Once you have determined your family goals, figure out how much income you have to work with. If income is from more than one source and comes at different times of the month, it is wise to look at the total income for a month. Income can come from a variety of sources, such as earnings from a job, interest, rents, public assistance, social security, or child support.

When you total up the family's income, it is important to be accurate and include only income that

is "for sure," not what it "might be." For example, if income varies each pay period, use an average or low figure, not the largest ever received. If wages are seasonal and might not be received some weeks or months, figure the average income over the year on a monthly or weekly basis. Save money for those weeks or months when there is no paycheck.

Plan only on "disposable" (net) income, that is, what is left after taxes and other deductions. The following chart helps you organize and determine how much income your family has to work with.

Our Family Income

Source of Income	When Received	Amount per Pay Period	Amount per Month
1.			
2.			
3.			
4.			
5.			
6.			
7.			

Total Monthly Family Income \$ _____

Step 3. Create a Spending and Saving Plan

When you have a clear picture of your family's goals and income, you are ready to start your spending and saving plan. To begin the plan, determine your family's expenses.

Look back to what you have spent on basic things such as food, clothing, and housing. Seeing what these things have cost your family in the past can give you an idea of what future spending will be. Records you may have, such as bills, canceled checks, and receipts will help you be more accurate in determining your family's expenses.

As you look at your expenses, consider which ones are fixed expenses, which ones are flexible, and which ones are periodic expenses.

Fixed expenses stay about the same. They include things such as rent or house payments, insurance, car payments, and some other credit accounts.

Flexible expenses, while they may be necessary, vary in amount from week to week or month to month. These include such items as food, clothing, utilities, gasoline, personal and recreation expenses, savings, gifts, medical care, and educational expenses.

Periodic expenses occur quarterly, semi-annually, or annually. These irregular expenses include things such as driver's and car licenses, subscriptions, Christmas spending, and car insurance. You should set money aside regularly to meet these expenses when they are due.

You may also want to set up a special emergency fund to cover unexpected emergencies that could occur. These might include such things as car repairs, household repairs, and medical bills.

The chart below helps you develop your family spending and saving plan. You may want to develop your plan on a weekly, semi-monthly, or monthly basis, depending on how often you are paid.

Our Family Spending and Saving Plan

Fixed Expenses		Date Due	Amount Due
Periodic Expenses	Date Due	Amount Due	Amount To Set Aside

continued on next page

Our Family Spending and Saving Plan *(continued)*

Flexible Expenses	Week 1	Week 2	Week 3	Week 4
Food				
Gas				
Electricity				
Clothes				
Laundry				
Gasoline				
Medicine				
Doctor, Dentist				
Church				
Gifts				
Recreation				
Personal Care				
Insurance				
Savings				
Other				

Step 4. List Other Resources

Money is an important resource, but it is only one of many resources available to families. Other resources families can use are time, energy (effort), skills, talents, and personal characteristics. Some resources are available at little or no cost through communities, such

as libraries, schools, parks, beaches, educational organizations, and churches. By substituting one resource for another, families may be able to save for things they need or want soon or in the future.

Ask family members to list some of their own personal resources. Then, as a family, list your total family resources.

Our Family's Resources

1.
2.
3.
4.
5.
6.

Step 5. Develop New Habits To Control Spending

You can make your money go farther by developing new habits or routines to help you control your spending. For example, which of these actions might work for you? Check the ones you plan to try soon:

- Pay all bills the day the money arrives.
- Buy all necessities on the day you get the money.
- Have all the bills in one place, ready to pay when the time comes.
- Put all money to be used later in the week or month in a safe place.
- List all the things you plan to buy this month, and know about how much you can pay for each.
- Grocery shop once a week or every two weeks. Keep grocery money in a special fund or pocketbook. Spend no more in the set period of time.
- Pay an "average" amount on heating/cooling fuel each month to avoid large bills due at one time. Be sure to arrange in advance with your utility.

- Decide who will be responsible for handling the money, or divide the tasks up among the adults and/or children responsible for buying certain things.
- Set up an "envelope system" to help you track where your money goes. Label each envelope with a specific spending category, such as housing, food, transportation, clothing, entertainment, personal care, and credit/loan payments. At the beginning of each month, put the money you have budgeted into the appropriate envelopes. When payments are due, withdraw the amount you need.

Step 6. Put Your Plan into Action

Once you have written down where you want your money to go and have decided to control spending, put your plan into practice. Think of it as a trial period, and if it doesn't work, revise your plan. Your spending plan is made to help you, not to make you feel uncomfortable. You may have to revise the plan fairly often, since your family, your circumstances, your needs, and your goals are always changing.

After your trial period, see how well you did. Chances are you will discover that your money is going further in providing the things your family needs and wants.

If you stick to a spending and saving plan, it can help you stretch your family's money resources to live better on the money you have. A spending and saving plan helps you see how to use money to pay bills and get more of the things you need and want. A plan lets you decide what is important to your family and make choices before spending your money.

Congratulations, you have taken a giant step toward better financial management and making ends meet!

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