

Does Your Budget Work For You?

By Cathleen Kerman, Nutrition Educator



We all know the old saying “Money doesn’t grow on trees,” but have you heard the one that goes, “What gets measured, gets managed?” Some people will say they do not have the time to sit down and figure out a spending plan. Let me ask the question, how much time do you waste worrying about how you are going to pay for this or that? Having a plan puts you in control of your money so you can have things you need and want, without the worry. I

want to offer you some practical tools with some everyday examples of how to manage your dollar and cents. We will measure and manage together, and hopefully make you feel better about how you spend your money.

When we think about a spending plan, it makes sense to think of it in a month increment. I have created a monthly worksheet for you to follow along. We will talk about our income and our expenses for a typical month. We pay most of our bills by the month, receive benefits by the month, and many of us get paid twice a month. How you fill out this worksheet is up to you. You can add or change any piece of it. Remember, what works for one person may not work for the next person. Make it work for YOU.



The first thing we will do is estimate the monthly income. I say estimate because as we all know, our income can vary from month to month. In fact, all of our numbers are an estimate; this will allow you to make adjustments as your financial habits become clearer. A spending plan may not be perfect so being patient and willing to rework it will keep you from becoming frustrated. Use the chart below to write in your estimated income sources for the month.

INCOME CHART			
Income source	Monthly Total	Income source	Monthly Total
Paycheck		Child Support	
Paycheck		Other	
Social Security Income		Other	
Food Stamps		Other	
Alimony		Other	
		TOTAL INCOME	



Once you have totaled all of your income for a month it is time to break down your expenses. There are some general categories such as housing, food, transportation, medical expenses and other miscellaneous items. Here is where you can get personal. You want to include ALL areas where you spend money. You may want to include categories such as insurance, debt repayments, childcare expenses and savings. Use the expenses chart below to estimate how much you spend in each category per month. If you are unsure, use old receipts and billing statements to help you. Total each category and then total all expenses.

ESTIMATED MONTHLY EXPENSES							
Housing	\$\$	Food	\$\$	Transportation	\$\$	Miscellaneous	\$\$
Rent/Mortgage		Groceries		Gas		Cosmetics/ toiletries	
Property Taxes		Meals out		Repairs		Barber/ Beauty Shop	
Utilities		Ordering in		Car Loan		Entertainment	
Phone				Bus, taxi, etc.		Cigarettes, Coffee etc.	
Cable						Laundry	
						Recreation/ hobbies	
TOTAL HOUSING EXPENSES	<input type="text"/>	TOTAL FOOD EXPENSES	<input type="text"/>	TOTAL TRAVEL EXPENSES	<input type="text"/>	TOTAL MISCELLANEOUS EXPENSES	<input type="text"/>

When you first do this, you may not realize how much you are spending in each category. You may find you over estimated or under estimated a category. To help you revise and rework your spending plan, I suggest tracking your expenses for at least 2 weeks, but ideally a full month. Write down every purchase you make and how much it cost. At the end of the month, fit each item into one of the categories you created and total your actual amounts. Compare this to your estimated plan. Ask yourself, do I spend more or less than what I estimated in each of these categories? If you are spending more, what can you do to change your spending habits? If you absolutely cannot do something different, is there another category that you could cut back on? Remember, your goal is to have your expenses smaller than your income. You want your total income to be higher than your total expenses.

Once you have a set spending limit in each category the next step is to try to stick to it. However, you should be flexible to changes. Gas prices change, heating bills vary, cars break down and there are emergencies. There is a delicate balancing act. Once you have a spending plan you can try to set money aside each month for such emergencies.





A local senior citizen recently put this method into practice. She had concerns about how much she was spending because she relies on a fixed income. After completing the worksheet, she realized she had almost \$200 a month unaccounted for! She knew she was spending extra cash here and there on unnecessary items. Instead, she decided she would like to put at least a portion of that money aside for a trip south for her high school reunion. She planned to open a savings account at her bank and watch her money grow each month.

A budget is personal so make it work for YOU. Try creating a spending plan and join me next time to do a self-evaluation. We will determine your needs and wants and start setting personal goals for you and your family.

Resources used: All My Money Curriculum, Illinois Extension: www.urbanext.uiuc.edu/ww1/