Your Saving/Spending Plan

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A saving/spending plan won't just help you make ends meet. Where you do have spending choices, it will help your family get the most satisfaction. It will help you save for emergencies and plan ahead for big expenses. You'll have more control over your life, more peace of mind.

There is no one "right" saving/spending plan. Families have different goals and face different situations. But any family can follow these steps to make a saving/spending plan:

- Estimate your income
- Estimate your expenses
- Make a monthly saving/spending plan
- Keep track of actual income and expense

Think of ways you can stay in control of your money. Which of these might work for you?

- Pay all bills the day money arrives.
- Buy all necessities the day you get money.
- Have all the bills in one place, ready to pay when the time comes.
- Have a list of 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. Budget and spend a set amount of grocery money for the week or two week period in a special place.
- Decide who will be responsible for handling the money, or make adults and children each responsible for buying certain things.

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Step 1: Estimate your income.

The first step in making a saving/spending plan is to figure out the income of all family members. It is important to be accurate and include only income that is "for sure," not what "might be." If your income varies from month to month, figure average monthly income. If the yearly estimated income from one source is $9,600, the average monthly income is $800 ($9,600/12 months = $800/month).

If there are times of the year when you don't have any income, you need to save money for these times. Know which months you expect less income and which months you expect more.

Income	**Amount**
Job/self employment	________
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Overtime and part-time work	________
Alimony and child support	________
Social Security	________
Veteran's benefits	________
Worker's Compensation	________
Food stamps, WIC and AFDC	________
Unemployment insurance	________
Other	________
Total income this month	________

To convert weekly income to monthly income, multiply weekly income by 4.33.

Step 2: Estimate your expenses.

Use old bills, cancelled checks and receipts to help you estimate expenses. There always are expenses you don't expect—auto repairs, dental and medical bills, and appliance repairs, for example. You may want to set up a special emergency fund or keep extra money in your regular savings to pay for these things. Some expenses, such as car insurance, holiday expenses, back to school clothes and property taxes, occur only once or twice a year. Know what months you have these expenses. Figure the average monthly cost. For example, if the car insurance bill is $240 for 6 months, the average monthly cost is $40 ($240/6 months = $40). Set aside $40 each month for this expense. Can you make arrangements for monthly payments of expenses such as car insurance or property taxes?

Look at loan payments. When will a loan be completely paid? When it is paid, consider saving some of the money that you used to set aside for the payments. Think about expenses you can reduce. Change this list of expenses to fit your family's needs. If you have expenses not listed here, write them in.

Expense	**Amount**
Rent or mortgage	________
House and auto insurance	________
Property taxes	________
Federal/Oregon income taxes	________
Electricity and gas	________
Water and sewer	________
Telephone	________
Cable TV	________
Child care	________
Life and health insurance	________
Loan payments	________
For car	________
For furniture and appliances	________
For other items	________
Food at home	________
Food away from home	________
Clothing	________
Transportation (gas, auto parts and repair, bus fare)	________
Contributions	________
Personal care	________
Medical/dental	________
Recreation	________
Household supplies	________
Educational expenses	________
Other	________
Savings	________
Total expenses this month	________

Step 3: Make a monthly saving/spending plan.

Now that you have estimated monthly income and expenses, you can make a saving/spending plan each month. On a piece of paper, list the income available to spend this month. Using your list of expenses (Step 2), itemize the expenses that you will have this month. Look ahead to see what money must be set aside for future expenses. It's okay if every penny isn't budgeted. In fact it's good to have some leeway for the unexpected.

In their October plan, Stan and Rosemary listed the paycheck Stan receives the end of September and the money Rosemary earns each week caring for the neighbor's children. They set aside money toward property tax due in November and auto insurance due in January. Rosemary hopes they can set aside the money left over for the holidays. Stan and Rosemary will keep track of all their expenses in October (Step 4) so that they will be able to make a more accurate and complete plan in November.

Income — Stan & Rosemary - October

$921.42 Stan's net paycheck received 9/30
200.00 Rosemary's pay for caring for neighbor's kids. Pd. each Friday: $50. on Oct. 7, 14, 21, 28
$1121.42

Expenses

Mortgage	232.00 (due on 5th)
Electricity	50.00 (due on 5th)
Telephone	17.00 (due on 5th)
Cable T.V.	15.00 (due on 5th)
Food at home	300.00
Stan's lunches	80.00
Clothing	30.00 (shoes for baby)
Gas for car	40.00
Medical	15.00 (baby's prescrip)
Household supplies	15.00
Set aside for property tax	100.00 (payable in 3 installments of $400: due Nov, Feb, May)
Set aside for auto insurance	20.00 (ins. premium due in Jan. $284.00)
Savings	50.00 (for emergency fund)
	$964.00

Income $1121.42
- Expenses 964.00
+ 157.42

Step 4: Keep track of actual income and expenses.

During the month write down the income you actually receive and the money you spend. Make one household member responsible for recording how much money the household spends. Everyone needs to cooperate by telling the recordkeeper how much they spend.

Compare actual expenses to the plan you made in Step 3. If you overspend in one area, adjust the plan. For example, Rosemary and Stan's phone bill comes and it is $27.00 rather than $17.00. Can they reduce the cost of household supplies? Should they try to reduce next month's phone bill by making fewer long distance calls?

If your plan isn't perfect, don't be discouraged. It may need to be changed often because your family's activities are always changing.

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