Spending Goals
Before you decide where your money really must go, you need to determine your goals. What is important to you as an individual or a family? Are you spending money on those things—or is it drifting away with purchases that don’t really reflect your goals?

Goal Setting
Goal setting guides your decision-making. It helps you set your priorities. And it increases chances of meeting your needs. Goals can be either immediate—to make next month’s rent—or long term—to buy a new appliance or save for emergencies.

Every household will have different goals, depending on what’s most important to its members. It’s a good idea for families to sit down together and talk about their goals and to update them as those goals change.

Making a Spending and Saving Plan
Making a spending and saving plan puts you more in charge of your money. It helps you:

• Stretch dollars and get more for your money
• Make the money last longer than the month
• Work toward your goals
• Spend wisely
• Pay your bills on time
• Set aside money regularly for savings and emergencies

Without a plan, you can get lost. With a plan, you can take charge.

A spending plan will help reduce the stress of not knowing whether you have the money to pay bills when they are due. It will also give you a sense of control over your money, rather than letting your money control you.

There is no “right” spending and saving plan. The best plan will be based on what’s important to you and your family. It is a good idea to let everyone in the family have a role in deciding how to spend the money. When children are included in money discussions, they learn valuable skills. And they are more likely to cooperate with the plan.

Income Sources & Resources
Let’s look at how much money you have every month. Income sources could include the following:

• Cash or paycheck
• Tips, commissions, and/or overtime
• Child support and alimony
• Public Assistance (TANF)
• Advanced Earned Income Credit (EIC)
• Social Security and pensions
• Unemployment and disability compensation
• Veteran’s benefits
• Interest and dividends
• Other Income ________________
Now let’s look at other private, community, or government programs that may help your dollars stretch until the end of each month.

**Other Assistance**
- Child Care Assistance (paid directly to provider)
- Children’s Health Insurance Program (CHIP)
- Electronic Benefit Transfer (EBT) – formerly Food Stamps
- Emergency assistance
- Energy or heating assistance
- Food pantries and/or commodity food programs
- Housing Assistance
- Medicaid
- Women, Infants and Children (WIC) food coupons

**Other Resources**
Think about any other assistance you are getting, such as help paying for healthcare, food from community gardens or gleaners, meals (free or reduced school lunches), hand-me-down clothing, used furniture, baby goods, help with childcare from family members, or donated school supplies.

**Expenses – Where Does the Money Go?**
To take charge of your money, you must understand your spending patterns. Expenses fit into two categories – fixed (regular) expenses or flexible (changing) expenses.

A fixed expense is a set amount of money that must be paid at a regular time. Once you commit to a fixed expense it cannot be easily changed. Late or missed payments can cause problems such as late fees, eviction, legal action, or utility shut-offs. Shop for the best value before committing to any fixed payment.

**Fixed Expenses**
Some common fixed expenses include:
- Housing – rent/mortgage
- Insurance – health, life, property, vehicle
- Savings
- Utilities and services – electricity, garbage removal, gas, oil, sewer, water
- Vehicle payment
- Other loan payments

A flexible expense is one that you can change. It is much easier to cut spending in the flexible expenses category. You can decide how much to spend and when to spend it. Flexible expenses are not frivolous or unimportant.

**Flexible Expenses**
Flexible expenses may include the following:
- Food
- Clothing
- Transportation – gas or oil, maintenance, bus, rail, taxi
- Phone or cell phone
- Household – maintenance, furnishings, cleaning supplies
- Health and medical
- Child care or elder care
- Personal expenses – haircuts, cosmetics, laundry, dry cleaning
- Education
- Other – allowances, church, gifts
- Recreation and entertainment
- Cable or internet

Once you have tracked your income and expenses, you are ready to develop a plan for future spending. Making a spending plan or budget is the first step toward reaching your financial goals. Writing out your plan helps you set saving and spending priorities, increasing the likelihood of meeting your financial goals.

Using the Income and Expenses Worksheet (2A), included with this publication, enter your income and fixed and flexible expenses.

To use the worksheet, do the following:
1. List your monthly income and total it.
2. Add all of your fixed expenses for one month.
3. Subtract your fixed expenses from your monthly income. The remainder is what you have left for flexible expenses.
4. Add your flexible expenses and total at the bottom of the flexible expense section.
5. Subtract your flexible expenses from the total you had left after paying your fixed expenses.
6. How much did you have left at the end of the month? The amount you plan to spend monthly should not be greater than your monthly income.
Periodic Expenses
For bills that come due periodically, like car insurance, or holiday spending, figure out a monthly average. For example if your vehicle insurance for six months is $384 divide that number to obtain an average.

\[ \frac{384}{6} = 64 \]

Include this averaged amount ($64) in your monthly plan. It's best to set aside this amount, putting it in an envelope or into savings for when the bill comes due. Other non-monthly expenses that you will need to plan for may include:

- Vehicle registration
- Vehicle servicing and tires
- Property taxes
- School supplies
- Holiday gifts
- Birthday gifts
- Tuition
- Subscriptions – newspapers and magazines
- Dues – union and clubs
- Vacations

Write Your Plan
Writing out your plan helps you set saving and spending priorities. It helps you meet your financial goals. There are always expenses we can't predict—car and appliance repairs, or medical emergencies, for example. To pay for emergencies, set up an emergency fund, either within a savings account or separately.

When you make a spending plan, use a time period that works for you – weekly, monthly, or some other period. Be realistic as you plan how to spend your money. It is hard to break old spending habits. Success often comes in small steps. Try using the Monthly Payment Calendar (2B), included with this publication, to help you plan for irregular or infrequent expenses.

Use the calendar to write in all expenses due each month. Don't forget to write in monthly averages for those periodic expenses. Review your spending plan quarterly and revise as needed.

A spending plan will also help you remember when bills and payments are due. You will save money by avoiding late payments or bouncing checks. Paying bills on time will help you prevent:

- Bill collectors
- Disconnection and reconnection fees for phone, electricity, or other services
- Eviction costs and traumas
- Extra finance charges
- Late fees
- Repossession of cars or other possessions

Open each bill as soon as it comes. After writing in the due date on your payment calendar, put it in a safe place with other bills. Schedule a regular time each week to pay bills.
Savings Tips – Pay Yourself First

Make saving for emergency expenses and family goals an important part of your spending plan. This section explains the importance of saving regularly.

Many people save by removing change from their pockets or wallets at the end of the day. They place the change into a savings jar. Some individuals have money automatically deducted from their paycheck and placed into a savings account.

Another way to save is to Pay Yourself First (PYF). That means when you get a paycheck, you place money into savings for your goals and future needs before you pay routine expenses. Benefits of “pay yourself first” are your savings increase, and your level of living improves. Save for major unexpected expenses such as loss of job, car repair, or hospitalizations. A guideline is to have an emergency fund equal to two to six months of expenses.

Another saving need is for future expenses. Save for family goals including down payment for a house, car, or other large purchases; a college education, retirement and vacations.

If you believe that you don’t have enough money to start saving, think about ways you could cut back. Do you eat out a lot? Can you cut back on candy, cigarettes, coffee, lottery tickets, magazines, or sodas? Do you have services you could live without, such as cable television, internet service, or a cell phone?

Spending less and saving more requires motivation and self-discipline. Starting to save early pays big dividends. Even small amounts saved regularly can add up to large amounts. By saving as little as $50 per month, you can build a considerable safety net, as the figure below shows.

**Resources**


Other Dollar Decision$ Materials

Video—VHS or DVD (English or Spanish)
The lively 20-minute video introduces real people, both individuals and couples, who describe their financial goals and share methods for saving small amounts of money. They share ways they have found to decrease expenses and increase income. (English: #7085 VHS, #7086 DVD; Spanish: #7095 VHS, #7096 DVD) $25

Curriculum Guide
Totals more than 75 pages including publications and materials in both English and Spanish. Participant materials in both paper and CD versions allow you to customize lessons. Facilitators will find everything they need to:

- Advertise a workshop
- Present it: 2 lesson outlines, 7 group activities, 25 PowerPoint slides, including scripts
- Evaluate it: Pre- and post-workshop evaluations

Complete Set
(English: #1298 with VHS, #1299 with DVD; Spanish: #1366 with VHS, #1367 with DVD) $65

Includes the curriculum guide and the following in English and Spanish:

- Participant materials
- PowerPoint slides
- 2 CD’s (one English and one Spanish)
- One copy of the video, your choice, DVD or VHS, available in English or Spanish.

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P.O. Box 442240, Moscow, ID 83844-2240. For more information email calspubs@uidaho.edu, ph: 208.885.7982, fax: 208.885.4648.

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