



Fond du Lac County

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Cutting Back Spending Strategies

If you find that your expenses are more than your income, you can take steps to develop a spending plan and move toward balancing your budget.



Begin by listing your expenses, starting with expenses that provide basic needs for living. Some of these are fixed expenses, such as rent or mortgage payments, car payments, or installment loan payments. Some are variable expenses, such as clothing, food, personal, transportation, home maintenance, gifts, etc. These expenses have some flexibility, as they are often not the same amount each month.

It is important to know what you are currently spending in order to find ways to reduce spending and balance your budget. “The most important step is to write it down,” says J. Michael Collins, family and consumer economics specialist with the University of Wisconsin-Extension. Once you have it on paper you have a much better sense of where the money goes. Pick one week and track everything you spend. You will probably be surprised.

“Tracking your expenses can be done differently. Some individuals use a notebook to write down daily expenses, calendars work as well, saving receipts and then categorizing them is another option, as well as computer software programs.” notes Michelle Tidemann, Family Living Educator, UW-Extension Fond du Lac County.

“When you are listing your monthly expenses don’t forget those seasonal/occasional expenses that might not be due on a monthly basis. For example, different types of insurance can be due quarterly or annually. These expenses need to be figured into the monthly spending plan so they are not a surprise when they come due.” notes Tidemann.

Label your receipts by categories, and sort them on a regular basis. Add up totals in each expense category and record the amounts in a notebook, ledger or computer spreadsheet. Compare them with the planned amounts from a written spending plan.

All strategies, however, work most effectively when you: 1) keep records simple and avoid unnecessary detail; 2) appoint one person in the household to assume responsibility for recording family expenses; 3) set a regular time schedule for record keeping; and 4) analyze expenditures regularly, checking to see if all expenditures are listed, if all financial obligations are being met, and whether you are spending within your income.

After you have your list, the next step is to think about what can be reduced or completely cut out. Think about how a repeating weekly or daily expense will add up over an entire year. That \$3 coffee could be more than \$500 per year, for example. “Try to be critical of yourself,” says Collins. “Realistically consider your situation and imagine how easy or hard it would be to give up cable TV, eating out or even a second car.”

It is essential to involve family members in this decision-making process. The whole family needs to be on board. The new spending plan will be more successful if family members are part of the decision-making and planning. They will then understand the need to make the tough choices.

So, how can you save more?

- Save on energy costs. Turn off lights or a television when no one is in the room to save money on the electric bill.
- Plan your meals for a week ahead to see what you need to buy, and shop from a list based on your planned menus.
- Use fewer optional custom calling services such as call waiting, three-way calling, voice mail, and caller ID. Each service costs extra.

It is essential to stick to your spending plan. With less income, each spending decision is critical. Finding ways to pinch pennies can add up to dollars that you can use to make ends meet. “Before buying an item, ask yourself, “Do I already own one or know someone else who does? Can I do without it? Can I substitute something else that costs less? Can I buy it later? And Can I use my own skills to make it myself?” notes Tidemann.

Learning to spend less can reduce financial stress. Even in good economic times, financial experts recommend a spending plan for effective money management. But good financial planning is an even more essential tool in tough times. Setting priorities for spending is a necessary step in finding a way to balance your budget – especially when you have less money available to spend.

Your county UW-Extension Office is a good source of financial management education programs and services. For more information about financial management, including information on setting up a spending plan, contact Michelle Tidemann, Family Living Educator, Fond du Lac County UW-Extension office at 920-929-3174 or visit: <http://fonddulac.uwex.edu/family-living/resources/>



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