

Controlling Your Spending

There may be family situations where your family may have reduced income. Take immediate action to stop all excess spending. Whether your situation is temporary or extended, you need to get the most of your money.

Studies have found that many families do not adjust their lifestyle for about six months after their income is reduced. Those six months of ignoring the situation can bring disaster. When you take charge of your financial situation immediately, you are making a positive contribution to your family's well-being now and in the future.

Following basic money management principles can reduce stress and help you adjust to living on less income. Here is a list of research-tested principles:

- Make a list of the family's most important expenses while you have less income. This includes things that you must have or do.
- Make a family spending plan to determine where your money will go.
- Decide where you will spend your money. Stick to your spending plan. With less income, each spending decision is critical.

Most people give high priority to fixed expenses such as rent or mortgage payments, insurance premiums, car payments, and installment debt. Flexible expenses such as food, utilities, clothing and household expenses can be more easily adjusted to fit your income. Most people find it easier to cut back on flexible expenses.

All family members need to work together to reduce spending. When everyone works together, you will more likely succeed in living on less.

Together, the family should go through the following list under each of the flexible expense categories. Check the ideas you think would help your family reduce spending. Add your family's ideas to the list.

As you go through the list, ask how spending can be reduced. Can we substitute a less costly item? Can we trade or share resources? Can we do without?

- **Food** – Look at money available. Plan meals and snacks. Go shopping for food less often. Use left overs and don't waste food. Take advantage of free or reduced school lunch program.
- **Utilities and Maintenance** – Adjust the thermostat setting by five degrees and wear comfortable clothing. Heating and cooling can be the most expensive utility cost. Take shorter showers. Give up cable or satellite television. Learn to do simple home repairs yourself.
- **Transportation** – Plan the use of your vehicle to reduce the amount of driving. Walk or ride a bicycle instead of using a car for short trips. Evaluate automobile insurance policies.
- **Medical** – Maintain good health. Shop around for doctors and dentist fees as well as medication. Take advantage of public health clinics and immunizations during local health fairs.

- **Clothing and Personal Care** – Take inventory of the family’s wardrobe. Repair and later clothing. Mend clothing promptly. Compare price and quality of clothing you buy. Take advantage of discounts, garage sales and resale shops.
- **Recreation** – Choose activities that are free or cost only a small amount. If you entertain, have potluck gatherings.
- **Child Care** – Arrange your family’s schedule so one parent is available to care for children while the other works. Form a baby-sitting co-op with other parents.
- **Miscellaneous** – Carefully consider each gift or donation. Reduce monetary giving. Make gifts instead of buying. Consider the cost of habits such as smoking or drinking. Stop magazine subscriptions when it is time to renew. Set a reasonable child’s allowances.

In order control your spending ask yourself these questions before making a purchase:

- Do we already have one?
- Can we do without it?
- Can we postpone its purchase?
- Can we substitute something else that costs less?
- Can we use our own skills to make it?