

Family Budgets: Developing a Spending Plan that Works



Deciding how to use the money you have is a skill for everyone to learn. It is important to use the following steps to help identify how much money is coming into your household and how much is being spent. It is not uncommon for people to find that they are spending more money than necessary for the things they need.

Step 1: Identify the income you have available to spend and identify where you are spending your money. You will need copies of paycheck stubs, receipts, etc. Estimate amounts in the areas where you don't have receipts. Use the worksheet below as a guide.

Income	
Paycheck.....	\$ _____
Nebraska Card allocation (Food Stamps).....	_____
Other (WIC, SSI).....	_____
Total Income	\$ _____
Expenses	
Rent.....	\$ _____
Utilities (electricity, gas, trash pickup, water)...	_____
Transportation (gas, oil, car payment, insurance, repair).....	_____
Food.....	_____
Household items (toilet paper, laundry and cleaning supplies).....	_____
Clothing.....	_____
Cable television.....	_____
Telephone, cell phone.....	_____
Entertainment (toys, tobacco, alcohol).....	_____
Pets.....	_____
Church, charities and gifts.....	_____
Personal care (haircuts, toothpaste, etc.).....	_____
Medical.....	_____
Debt (credit card payments, unpaid bills).....	_____
Total Expenses	\$ _____
Total income minus Total Expenses	= \$ _____

Know how. Know **now**.

Step 2: Develop a budget.

- ✓ Make your budget fit your paycheck. Look at the amount you listed in each of the expense categories. Ask: “What do I need to pay for first?” Priorities should be rent, utilities, expenses for getting to work, and food for your family.
- ✓ If you have credit card debt, pay off the ones with the highest interest rate first. If possible, pay more than the minimum payment.
- ✓ For items which come due once a year such as taxes and car license, divide that amount by 12, and set aside that amount each month in a savings account. You can use the same strategy for gifts or trips. This is called “forward planning.”

Step 3: Establish a tracking system for recording pay periods, expenses, and promises. The simplest tracking system is a calendar.

1. Write in when you will have money coming in to spend and how much you are expecting. Don't count on overtime or bonuses to make monthly payments.
2. Write in when your priority expenses are due or needed. Estimate an amount if you don't know exactly what they will be.
3. Write in when and how much you need to pay on all other bills.
4. If you make a partial payment and a promise to pay the rest, write the date of the promise on the calendar so you don't forget. Keep all receipts.
 - ✓ Try to pay in cash, rather than credit. This allows you to see money that is being spent and is a reminder of how much you have left.
 - ✓ When deciding whether or not you should buy something, ask yourself, “Do I really need this?” “Is this a good value?” “Can I wait until it goes on sale?”
5. Always plan your calendar three months in the future. Think of the things that you have coming up—school starting, a birthday, a trip, etc.

Step 4: Evaluate. Each month look to see what worked and what didn't. Always ask; “What do I need to do to make things work better?” Then plan the action.

What is a budget?

A budget is a written plan that shows how you need or want to spend your money. Your budget should provide for giving, saving and spending.

A budget will help you pay current bills on time, cut out spending that leads to debt and help you pay off accumulated debt.

A budget should be flexible. By design it should help you meet fixed expenses such as rent. It should allow for changing or variable expenses such as utility bills. It should also allow for flexible expenses such as gifts or clothing.

Developing a budget is important for all families regardless of income.

Source: NebFacts Checklist for Household Income and Expenses