# Four Steps <br> to a <br> [MOORELIVy <br>  

## If you really want to save money, make plans to spend it...

## - Do you ever have trouble paying bills at the end of the month?

- Does cash ever seem to leak out of your wallet?
- Do you ever regret spending money or wish you'd made a different spending decision?


A monthly spending plan can help. A spending plan is a guide you create to help you decide how to spend money. Without a plan, many of us spend without thinking, simply because we have cash on hand. Later, when we see something we really want, or when we need to pay bills, the money just isn't there.

When we create and follow a spending plan, we target money toward things that are important to us. Do you want to enjoy a monthly night at the movies with the kids? Plan for it. Want to pay for new tires when you need them? Or have money for holiday gifts without relying on your tax refund to pay it all off? Plan for it.

Don't worry if your plan isn't perfect or if you don't get it right the first time. The more you practice it, the better you'll be able to stop spending leaks and spend money the way you want.

# Before you begin 

> Download and print the spending plan template below by clicking here. Use a sharp pencil with a good eraser...Or use an online spending plan, like those found at Power Pay: www.powerpay.org
> Gather your monthly bills, income statements and a calculator.
> Use monthly amounts. If you don't know the monthly amount, use your best guess. If the amount varies from month to month, use an average for a few months.

## Step 3 - List your expenses.

- List a monthly amount for all expenses you may pay over a year-even expenses you don't pay every month (like gifts, heating oil, auto maintenance or auto insurance).
- If you don't pay a particular expense each month, list the average monthly amount over the course of a year. (For example, if you only buy heating oil twice per year, take the total amount you spend over the whole year and divide by 12.)
- Put a * next to expenses you don't pay each month. This is a reminder to save this amount each month for these expenses even if you don't spend it each month. That way, you'll have the money set aside when the bill comes due.
- Try to remember all expenseseven if they aren't listed here (school supplies? cigarettes? vet bills? lunches out?). Everyone's situation is different. Cross out items you don't spend money on and replace them with expenses you do have.
- Include savings for short- or longterm items, such as emergencies or a newer car. (If you have a lot of debt, consider targeting some money toward paying debt and other money toward an emergency fund. This can help you avoid taking more debt for car repairs etc.)

Monthly Spending Plan (sample)


## Step 4 - Crunch the Numbers

- Subtract the total monthly expenses from the total monthly income.
- If you have money left-over, consider applying it toward savings or debt.
- If there is a negative balance, you are spending more than you are bringing in.


## Step 2-List your debts

- List a total amount for each debt and the minimum payment due (or the amount you plan to pay each month toward the debt).
- Add all debts and the total monthly amount you plan to spend on paying down debt.
- List that monthly debt payment amount on the expense side of your worksheet.


## Step 1 - Start with your monthly income

- List all take-home income for a typical month. List the net amount, after taxes and other withholdings. Then add all amounts to show your monthly income.
- If your income varies (for example, if you are self-employed), list your average monthly income. Use income from several months to a year to arrive at your average.
- Include income from work, assistance programs, child support and any other funds that are available for you to spend or save.


## If income doesn't meet

expenses...

## Don't give up if the numbers don't add up...

If you're like most people who create a spending plan for the first time (or even the second or third time), your plan may not balance at first. Get your sharp pencil and eraser (or the "Delete" key on your keyboard) and look over the ideas below. Ask yourself:

## Can I increase income?


 wary of money-making ideas that could actually cost money, like those that require you to pay money up front for items to sell.
 other taxes) so they can offer help when we need it.
 stress on you or your family.

## Are debt payments dragging me down?

 entire payment, late fees make the problem worse.

- Concentrate on putting any extra money (such as gifts or a tax refund) toward paying down debt.
 certified by the National Foundation for Credit Counseling at www.debtadvice.org.


## Could I decrease spending?

- This is where most people make the biggest difference.
- Look at each expense and think about whether you could lower it. Can you look for ways to cut housing costs, such as taking a roommate, turning down the furnace, or canceling cable TV? Can you reduce costs for transportation by carpooling? Can you cut back on entertainment or takeout food? Only you can decide what might work for you.
- Each time you decide to reduce an expense, erase the old number, insert the new number, and re-do the math. Watching your balance change in the right direction can be powerfully motivating.


## Track spending \& Set Money Aside.

- Every few days or once a week, check how much you're spending in each category. You can do this by writing down your spending in a notebook, by saving receipts or by tracking it online or through a free app on your phone.
- Many people use automatic deposits into saving accounts to set aside money for expenses. This limits cash on hand and prevents theft and overspending. Others use envelopes (one for groceries, one for gas, one for gifts, etc.). The important thing is to set money aside so you have enough when the expense is ready to be paid.


## Sometimes there just isn't enough money...

- If you've cut expenses wherever you can and still don't have enough to pay all bills, focus first on ways to keep the problem from growing bigger. Then look for ways to improve the situation. Sometimes it can take bigger lifestyle changes, like selling a car or moving. Big changes take time and planning.
- Certain bills should be a top priority. Ask yourself: "What will happen if I don't pay this now? Could I get evicted? Will utilities get shut off? Will my wages be garnished?" Always pay bills for housing and any that will bring legal action if they aren't paid. Then focus on bills that will result in fines or late fees if they aren't paid on time.
- Avoid using loans to pay monthly expenses - especially those with a high interest. This can make matters worse and make it harder to pay future bills

Be patient with yourself and keep trying! Building a spending plan is a process-not a one-time event. Check your plan often and make changes to help it fit your situation. The more you work with it, the better it will work for you!

