

TAKING CHARGE in Challenging Times

CONTROLLING SPENDING

When the family faces reduced income, take immediate action to stop all excess spending. Whether your situation is temporary or extended, you need to get the most for your money.

Studies have found that many families do not adjust their lifestyle for about six months after their income is reduced. That 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 means things you must have or do.)
- Make a family spending plan to determine where your money will go. Refer to "Sizing Up Your Financial Situation," to develop a family budget you can use to cope with your income situation.
- 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 pulls together, you are more likely to 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 each list.

As you go through the list, ask how spending can be reduced:

- Can we substitute a less costly item?
- How can we conserve resources and avoid waste?
- Are there opportunities to cooperate with others by trading or sharing resources? Can we save if we do it ourselves?
- Can we do without?

Food

Plan meals around foods you have on hand until more money is available.

- Plan meals and snacks for a week ahead. Make a list of what you need to buy; estimate the cost to know if you have enough money to last the week. See "Stretching Your Food Dollar," for more information.
- Shop from a list based on planned menus. Check the food advertisements for good buys.

Clipping and using coupons may save money.

- Go shopping as few times as possible. Frequent trips can add to family food costs because it is easy to buy extra items each time. Shop alone, if possible. It is hard to say “no” to your children’s favorite foods when they are along. Do not go shopping when you are hungry. Everything looks good when you are hungry, so it is hard to stick to your list. Also, shopping in a hurry may cause you to overlook the best buys.
- Use low-cost protein foods such as dry beans, eggs, peanut butter, turkey, and chicken. Ham-burger is often a good buy in red meats. Large roasts can be cut up and used in different ways for more than one meal. Stretch meats by using them in sauces or casseroles. Use slow cooking and/or marinating to tenderize less expensive cuts of meat.
- Use reconstituted nonfat dry milk for cooking instead of whole milk. Dry milk is equally nutritious and can be less expensive.
- Turn leftovers into “planned overs.” You can sometimes get two meals for the price of one. Store cooked foods properly to make them last longer. Freeze them if you have the space.
- Take advantage of free- or reduced-price school breakfast and lunch programs.
- Where available, use fish and wild game.

Utilities and Household Maintenance

- Maintain and clean your furnace and filters regularly.
- Find and fix air leaks around windows, doors, foundation, electrical outlets, exhaust fans, and attic openings.
- Install storm windows and doors or put up plastic sheeting to reduce heat loss.
- Adjust the thermostat setting by five degrees and compensate for comfort with clothing.

Heating and cooling are the most expensive utility costs.

- Insulate ceilings, exterior walls, under floors, heat ducts, and hot water pipes. You may qualify for programs that insulate your home. Check with your local utility company for further information.
- Select energy efficient light bulbs and fixtures when replacements are made. Use fluorescent bulbs wherever possible. Turn off unused lights.
- Close doors to unused rooms and shut off heat/air conditioning to those areas.
- Hang clothes to dry instead of using a clothes dryer.
- Take shorter showers.
- Make only emergency long-distance telephone calls. If possible, make calls when rates are lower.
- You also may want to investigate alternative long-distance services. You are likely to find that it is cheaper to purchase a telephone than to rent one.
- Drop cell phone plans or reduce plan costs if you will not incur additional fees.
- Consider writing letters instead of making long-distance phone calls.
- Give up cable or satellite television connections that increase your monthly bill.
- Learn to do simple home repairs such as replacing washers in faucets and repairing damaged electric cords, torn window screens, or broken window panes.

Transportation and Upkeep

- Carefully plan the use of your car(s) to reduce the amount of driving. If you own more than one vehicle, and if it is reasonable to do so, sell unneeded car(s).

- Car pool or use public transportation when possible.
- Do your own vehicle maintenance if you have the skills and tools.
- Walk or ride a bicycle instead of using a car for short trips.
- Evaluate automobile insurance policies to make sure you are adequately covered. You may be able to reduce your premiums by increasing your deductibles on collision and comprehensive.
- If your employment is seasonal, arrange with your agent to have insurance bills due when you are working or have funds drafted from your account on a regular basis.

Medical Expenses

- Maintain good health habits. Good nutrition can cut down on illness and tooth decay.
- Learn the symptoms of common diseases in order to determine when seeing a doctor is advisable. Early treatment of many diseases or injuries is often least expensive. Consider taking classes on first aid or baby care offered by community agencies.
- Shop around for doctors and dentists whose fees are reasonable. You may find it less expensive to stick with the same doctor or dentist to avoid duplication of tests and records. Your doctor would probably agree to an installment payment plan. Refer to “Deciding Which Bills to Pay First”.
- Take advantage of public clinics and immunizations often available during local health fairs or at the county health department.
- Update medical insurance policies to eliminate duplication of payments since most companies pay on a coinsured basis. If you do not have health insurance, see if you qualify for medical assistance. See “Meeting Your Insurance Needs,” for more information.

- Check hospital, doctor and dentist statements to make sure the services charged were the ones received.
- Ask your doctor to prescribe and your pharmacist to fill prescriptions with generic drugs. Avoid excessive use of over-the-counter drugs.

Clothing and Personal Care

- Take an inventory of each family member’s wardrobe to determine which items must be replaced or added. Repair and/or alter present clothing and swap items of clothing with other family members or friends. Try to develop the attitude in your children that “handed down” clothing is not only economical and less wasteful, but can also be enjoyable.
- Follow instructions when laundering clothes.
- Mend clothing promptly. Resole and polish shoes instead of buying new shoes.
- Have children change to older, worn clothing for play.
- Compare price and quality of clothing you buy. Check discount stores, mail-order catalogs, thrift stores, secondhand outlets, flea markets, and garage sales.
- Check size and fit. Clothing that does not fit well will not be worn often.
- Buy clothing that is washable and easy to care for. Read the care labels.
- Carefully coordinate clothing and accessories so that they can be used with several outfits.
- Learn to do your own personal grooming, such as hair care and manicures at home. Cut your children’s hair yourself. Select cosmetics and toiletries that are reasonably priced.

Recreation and Leisure

- Choose activities that are free or cost only a small amount of money such as hiking, picnic-

ing, visiting a museum, or attending a free concert. Attend school or community events.

- If you entertain at home, have potluck affairs for family and friends. This way, everyone shares the food costs.

Child Care

- Try to arrange your family's schedule so one parent is available to care for children while the other parent works. If both parents are unemployed, try to alternate child care responsibilities so each will have an opportunity to look for a job or have some personal time. If only one parent is present in the home, try to share child care responsibilities with a relative, neighbor, or friend.
- Form a baby-sitting co-op with other parents.
- Investigate public nursery schools and day care centers. Arrange car pools with other parents for children's school and extracurricular activities.
- Some job training programs provide child care.

Miscellaneous Expenses

- Carefully consider each gift or donation. Reduce monetary giving and donate services

instead. Make gifts instead of buying them, or give services such as baby-sitting, elder care, house watching, or pet care.

- Consider the cost of habits such as smoking and drinking alcoholic beverages. These habits are expensive and you may want to reduce or eliminate them.
- Stop magazine or newspaper subscriptions when it is time to renew them. Use your public library to find information you may need from these sources.
- Set a reasonable amount for children's allowances and have a definite understanding with them about what it covers.

Summary

During challenging financial times, it is very important to control spending. Restrict purchases to "needed items" and go without items that are just "wants." Before buying an item, ask yourself the following questions:

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

*Use it up, Wear it out
Make do, or Do without!*