

Section 1: Making a Monthly Spending and Saving Plan

We will discuss how to create a spending and saving plan and then we'll talk about ways to increase income and decrease expenses.



Key Takeaway



Use a monthly spending and saving plan to guide how you use your money.

Building Blocks of a Spending and Saving Plan

A spending and saving plan helps you:

- Compare your income and expenses
- Understand where your money is going
- Make adjustments so you can use your money to meet your goals

Spending and saving plans bring together two money topics:

- Income: money you receive
- Expenses: how you use your income



INCOME

EXPENSES



Apply It: Making My Spending and Saving Plan

This blank spending and saving plan has three sections:

- My Net Income
- My Expenses
- Comparison of My Total Net Income and My Total Expenses

Steps to fill it out:

1. Complete the column called “Past Monthly Amount”
2. Complete the column called “Planned Monthly Amount for ____ (Month)” and fill in the month
3. Compare your total net income and total expenses
4. If needed, make changes to the income and expenses you have in the Planned Monthly Amount column so that your income covers your expenses.

You may have to do some math to get monthly amounts if you receive income or pay expenses on a schedule other than monthly. See the *Table for Calculating Monthly Amounts* below the spending and saving plan for help.

When you compare your income and expenses, you will have three possible outcomes.

If the Difference is:	That means:	And so:
Zero (0)	Your income is the same as your expenses.	You should have just enough income to cover your expenses.
A positive number	You have more income than expenses.	You should have enough income to cover your expenses.
A negative number	You have more expenses than income.	You would likely not have enough income to cover your expenses. You will need to increase your income, decrease your expenses, or incur debt to make it possible to pay your expenses.

Please Note: If you have already completed *Apply It: My Monthly Income Log* from *Module 3: Your Income and Expenses*, you can use those numbers for the “Past Monthly Amount” column in My Net Income.

Likewise, if you have already completed *Apply It: My Monthly Expense Log* from *Module 3*, you can use those numbers for the “Past Monthly Amount” column in My Expenses.

Apply It: Making My Spending and Saving Plan *continued*

You can create your own spending and saving plan using the blank one below after today's training. Use it to determine if you need to adjust your income and/or expenses to better meet your financial goals.

My Spending and Saving Plan

My Net Income

Item	Past Monthly Amount	Planned Monthly Amount for _____ (Month)
Net (Take-Home) Pay Job 1	\$	\$
Net (Take-Home) Pay Job 2	\$	\$
Net (Take-Home) Pay Job 3	\$	\$
Net Self-Employment Income	\$	\$
Public Benefit 1:	\$	\$
Public Benefit 2:	\$	\$
Public Benefit 3:	\$	\$
Public Benefit 4:	\$	\$
Interest	\$	\$
Dividends	\$	\$
Child Support	\$	\$
Alimony	\$	\$
Gifts	\$	\$
Other:	\$	\$
Other:	\$	\$
Other:	\$	\$
My Total Net Income (add up rows above)	\$ 0.00	\$ 0.00

Apply It: Making My Spending and Saving Plan *continued*

My Expenses

Item	Past Monthly Amount	Planned Monthly Amount for _____ (Month)
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My Saving

Saving Toward: Emergency Fund	\$	\$
Saving Toward:	\$	\$
Saving Toward:	\$	\$

My Sharing

Sharing with Family and Friends	\$	\$
Charitable Contributions	\$	\$
Other:	\$	\$
Other:	\$	\$

My Spending

Rent / Mortgage Payment	\$	\$
Property Taxes / Insurance	\$	\$
Water	\$	\$
Electric	\$	\$
Gas / Oil	\$	\$
Trash Collection	\$	\$
Telephone (Cell and Land-Line)	\$	\$
Internet	\$	\$
Cable / Satellite / TV Viewing Services	\$	\$
Car /Truck Payment	\$	\$
Car /Truck Insurance	\$	\$
Car /Truck Maintenance and Repair	\$	\$
Car/Truck Fuel	\$	\$

Apply It: Making My Spending and Saving Plan *continued*

My Expenses (continued)

Item	Past Monthly Amount	Planned Monthly Amount for _____ (Month)
Public Transportation	\$	\$
Health Insurance (portion not covered by employer or taken out of gross pay)	\$	\$
Other Healthcare Expenses	\$	\$
Student Loan Payments	\$	\$
Credit Card Debt Payments	\$	\$
Other Debt Payments	\$	\$
Personal Care Attendant	\$	\$
Eldercare	\$	\$
Childcare / Child Support Payments	\$	\$
Groceries and Household Supplies	\$	\$
Eating Out or Take-Out	\$	\$
Service Animal Expenses	\$	\$
Pet Care	\$	\$
Personal Expenses	\$	\$
Entertainment	\$	\$
Other:	\$	\$
Other:	\$	\$
Other:	\$	\$
My Total Expenses (add up rows above)	\$ 0.00	\$ 0.00

Apply It: Making My Spending and Saving Plan *continued*

Comparison of My Total Net Income and My Total Expenses

Item	Amount
My Total Net Income (from last row of the My Net Income section in the Planned Monthly Amount column)	\$ 0.00
My Total Expenses for _____ Month (from last row of the My Expenses section in the Planned Monthly Amount column)	\$ 0.00
Difference (My Total Net Income minus My Total Expenses)	\$ 0.00

Table for Calculating Monthly Amounts

Frequency: How often you receive the income or pay the expense	Do this first Then enter into the Plan
Annual (once per year)	Divide by 12
Semi-annual (twice per year)	Divide by 6
Quarterly (four times per year)	Divide by 3
Monthly (once per month)	Use as-is
Bimonthly (twice per month)	Multiply by 2
Biweekly (every two weeks)	Multiply by 26 and then divide by 12
Weekly (every week)	Multiply by 52 and then divide by 12



Try It: Making a Spending and Saving Plan

Read the scenario. Use Shelley and Walter's Spending and Saving Plan to complete the table on page 12. Then answer the questions on page 12.

Scenario: Shelley and Walter Make a Spending and Saving Plan

Shelley and Walter recently moved to a new city eight months ago. They both have jobs. Walter also does freelance work on the weekends to bring in some extra cash. Their total net income is \$3,100 per month. They are trying to save money toward an emergency fund, but their savings account is actually decreasing each month. That's because they are withdrawing money to cover expenses. They also would like to start a college fund for their granddaughter.



They have tried to figure out where to save money, but everything seems non-negotiable. The utility bills have surprised them – especially gas in the winter and electric in the summer in their new climate. Shelley's car keeps needing unexpected repairs. And they can't seem to make much headway on paying down their credit card debt. Other costs are stable from month to month, but are essential. For example, the service animal expenses are necessary because Walter is blind.

To better understand their income and expenses, Shelley and Walter completed income and expense logs last month. They used those to complete their spending and saving plan.

Shelley and Walter's Spending and Saving Plan

Their Net Income

Item	Past Monthly Amount	Planned Monthly Amount for April
Net (Take-Home) Pay Job 1	\$2,000	\$2,000
Net (Take-Home) Pay Job 2	\$1,000	\$1,000
Net (Take-Home) Pay Job 3		
Net Self-Employment Income	\$100	\$100
Public Benefit 1:		

Try It: Making a Spending and Saving Plan *continued*

Their Net Income (continued)

Item	Past Monthly Amount	Planned Monthly Amount for April
Public Benefit 2:		
Public Benefit 3:		
Public Benefit 4:		
Interest		
Dividends		
Child Support		
Alimony		
Gifts		
Other:		
Other:		
Other:		
Their Total Net Income	\$3,100	\$3,100

Their Expenses

Item	Past Monthly Amount	Planned Monthly Amount for April
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Their Saving

Saving Toward: Emergency Fund	\$0	\$25
Saving Toward: <i>College Fund for Granddaughter</i>	<i>\$0</i>	<i>\$25</i>
Saving Toward:		

Their Sharing

Sharing with Family and Friends		
Charitable Contributions	\$15	\$15
Other:		
Other:		

Try It: Making a Spending and Saving Plan *continued*
Their Expenses (continued)

Item	Past Monthly Amount	Planned Monthly Amount for April
Their Spending		
Rent / Mortgage Payment	\$600	\$600
Property Taxes / Insurance		
Water	\$15	\$15
Electric	\$75	\$75
Gas / Oil	\$75	\$75
Trash Collection	\$20	\$20
Telephone (Cell and Land-Line)	\$75	\$75
Internet	\$65	\$65
Cable / Satellite / TV Viewing Services	\$125	\$125
Car/Truck Payment	\$200	\$200
Car/Truck Insurance	\$150	\$150
Car/Truck Maintenance and Repair	\$250	\$250
Car/Truck Fuel	\$100	\$100
Public Transportation		
Health Insurance (portion not covered by employer or taken out of gross pay)		
Other Healthcare Expenses	\$50	\$50
Student Loan Payments		
Credit Card Debt Payments	\$150	\$150
Other Debt Payments		
Personal Care Attendant		
Eldercare		

Try It: Making a Spending and Saving Plan *continued*

Their Expenses (continued)

Item	Past Monthly Amount	Planned Monthly Amount for April
Childcare / Child Support Payments		
Groceries and Household Supplies	\$300	\$300
Eating Out or Take-Out	\$200	\$200
Service Animal Expenses	\$200	\$200
Pet Care		
Personal Expenses	\$150	\$150
Entertainment	\$300	\$300
Other:		
Other:		
Other:		
Their Total Expenses (add up rows above)	\$3,115	\$3,165

COMPLETE THIS TABLE:

Comparison of Their Total Net Income and Their Total Expenses

Item	Amount
Their Total Net Income	<i>Fill In:</i>
Their Total Expenses for April	<i>Fill In:</i>
Difference (Their Total Net Income minus Their Total Expenses)	<i>Calculate:</i> \$ 0

ANSWER THESE QUESTIONS:

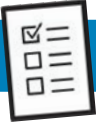
Does Shelley and Walter's spending and saving plan show that their income will cover their expenses?

Yes No

\$ 0

What is the difference? _____

We will come back to Shelley and Walter's spending and saving plan in a little while to try to find ways they can adjust their income and expenses. We are not doing that in this "Apply It" right now.



Apply It: Using My Spending and Saving Plan

There are several ways to actively use your spending and saving plan throughout the month to gain control over how you use your money.

Check the daily, weekly, and monthly spending and saving activities you want to try. If you have other ideas, add them.



Daily

- Record your saving, sharing, and spending.** Saving your receipts is a good first step. In addition to using receipts to track your uses of income, you can also use them when you review your monthly statements.
- Collect your change.** Drop your spare change into a jar. This can help you build savings and keep your pockets or purse free of loose change.
- My other ideas:**

Apply It: Using My Spending and Saving Plan *continued***Weekly**

- Putting limits on spending using the envelope system.** Label envelopes for categories of spending that you want to limit. Using your spending and saving plan, estimate how much you will need for each category for a week. Put those amounts in your envelopes at the beginning of each week. Use only what is in the envelopes for your spending.

The spending and saving plan represents a full month. You can estimate weekly amounts for types of spending by multiplying the monthly amount by 12 (months in a year) and then dividing that number by 52 (weeks in a year). Or, for a quick estimate, divide the monthly amount by four.

- Establish a weekly money check-in.** Set aside a convenient time and day of the week for you and other members of your household to review your actual spending against your spending and saving plan. Adjust your spending and/or your plan for the next week. You can also use this time to pay your bills.

- My other ideas:**

Apply It: Using My Spending and Saving Plan *continued***Monthly**

- Conduct a monthly review.** Review records of your spending for the past month using an app, receipts, or your own log of spending to compare how your spending and saving plan did and did not reflect what you actually spent. Reflect on what you want to do differently next month and create a spending and saving plan for next month that is realistic and aligns with how you want to use your money.
- Have a monthly goal-setting session.** Have each family or household member write one or more goals for their spending and saving in the coming month. Be sure to also review progress toward the previous months' goals.
- Celebrate successes.** Declare a family or household member to be Money Manager of the Month based on the person's success at saving money or spending less during the month.
- Prepare for taxes.** At the end of the month, identify expenses that may be important for tax time. Make sure to save the evidence of these expenses, such as receipts, invoices, or screenshots of online payments.
- My other ideas:**



Increasing Income

Write down ideas for increasing income that might work for you.



Decreasing Expenses

Write down ideas for decreasing expenses that might work for you.

Making Adjustments

A spending and saving plan does not stay the same every month. It has to change to reflect your reality. That's why it can be a really useful tool. It can help you decide where you may need to change things. Adjusting it doesn't mean you have a bad plan.



Try It: Adjusting a Spending and Saving Plan

Using the scenario and spending and saving plan from *Try It: Making a Spending and Saving Plan* on page 9, answer the questions.

How can Shelley and Walter increase their income?

How can Shelley and Walter decrease their expenses?



Remember the Key Takeaway

Use a monthly spending and saving plan to guide how you use your money.