



## SURVIVING TOUGH TIMES

HACE E-23-09

### PLANNING TO STAY AHEAD

A spending and savings plan (or a “budget”) is a way to divide the money you have available to pay for expenses to meet your family’s wants and needs. Families say that a spending plan helps them feel more in control of their money. It helps families to

- Stretch their dollars,
- Work toward financial goals,
- Spend money wisely,
- Set aside money for emergencies.

#### Paying Bills

An important part of staying within your spending plan is paying bills on time. Keep these hints in mind:

- Decide who pays the bills and select a place to keep bills and records.
- Check the due date of bills as soon as you receive them.
- Pay bills on time to avoid late charges and interest fees.
- Do not send cash in the mail; use personal checks or money orders instead.
- Be sure to get a receipt when paying with cash.

There are two methods for paying bills that are easy to use. Choose the method you think will work for you. They are the envelope method and the calendar method.

#### Envelope Method

Some families like to place money in envelopes each month for their expenses or bills. The envelopes can be divided into the same categories that were listed on the worksheet in “Setting Spending Priorities.” Follow these simple steps to use the envelope method.



1. Make an envelope for each monthly spending category. Write the category on the outside of the envelope. The categories may include

Housing	Insurance
Utilities	Household Maintenance
Food	Clothing/Personal Care
Contributions	Education
Transportation	Recreation
Medical Care	Other
Credit Payments	Savings or Seasonal Expenses

2. Using the adjusted totals you have written for each category on the worksheet, place money in the envelope to meet the monthly expenses. Pay bills from each envelope. Be sure to pay the bill as soon as possible so you will not be tempted to spend the money on other things. Buy money orders or use a personal check when paying bills through the mail because cash may be lost or stolen.

3. Place receipts and all change in the envelopes as you pay the bills. If you don't have a receipt, write the amount and how it was spent on a piece of paper and place in envelope. This will help keep track of how you are spending your money.

### **Be Careful!**

1. Be sure to keep money in a safe place in your home. Do not mail cash to pay a bill. It may be lost or stolen.
2. If you are tempted to use the money for purposes other than the one you planned, this method may not be good for you.

### **Calendar Method**

Use a calendar to keep a record of your income and the bills that are due. Follow these simple steps:

1. Write in income when you get it.
2. Write in bills and expenses on the date when they are due. Draw a circle around them.
3. Cross out the bill on the calendar as you pay your bills.

You can see at a glance when bills need to be paid. Be sure to save money to meet all your expenses for the month. Don't be tempted to spend your money on non-budgeted items.

### **Planning for Emergencies**

Sometimes the unexpected happens. Emergencies happen to everyone. It may be an illness, car accident, something is stolen, or a car needs repair. Start now to set aside money for an emergency fund. \$2.00 a week will add up to \$100.00 a year. It may be the \$100.00 you need to pay for an unexpected bill.

**Here's a Sample:**

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 AFDC Check \$451	2	3	4	5 Cable bill \$22.50	6
7	8	9	10	11	12 Electric Bill \$36.37 Gas Bill \$100.00	13
14	15 Food Stamps \$189.00	16 Phone Bill \$42.25	17	18	19	20
21	22	23	24	25	26	27
28	29	30 Rent Bill \$375.00				

# SURVIVING TOUGH TIMES

*Surviving Tough Times* is a 19-part series for individuals and families experiencing under-employment and unemployment. Originally developed by Linda Boelter, University of Wisconsin Cooperative Extension Service.

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