



Putting Baby on a Budget

Now that the baby is here, you will need to make some changes in the family spending plan. Learning more about what you did with your money before the baby came along can often help you to identify potential areas of savings in the budget to offset at least part of the cost of the new baby. This is especially

important, because when a new baby joins the household, it's easy to overspend. Here are some ways to avoid overspending and ensure your pocketbook is not too overwhelmed by your new bouncing bundle of joy.

Assessing Your Spending The arrival of a new baby, especially the first baby, leads parents, grandparents, and other relatives to want to buy everything possible to decorate, furnish, and fully accessorize both baby and nursery. Designer clothing, expensive tennis shoes, and an endless variety of age-appropriate toys provide additional temptations. Purchases for the baby can eat up a sizeable chunk of the family budget. *Tracking your spending and planning for the additional expenses now can help you to avoid financial problems later.*

Take a hard look at where your money goes. This task, however daunting and unpleasant it appears, is almost always worth the effort. Most families can increase their spending power by as much as 20 percent by paying more attention to how they spend. Once you know where your money goes, you can see more clearly what you need to do differently to accommodate baby expenses and get more for your hard-earned money.

Here's a test. Make a list of your expenses, including your best guess of the amount you spend for each expense in a typical month. When you have thought of everything you can, add up the total. Next to the total, write down how much money you have coming in each month. How do these numbers compare? How much money does it look like you should have left over each month? How does that compare with the amount you actually do have left each month?

Get a Reality Check on Your Spending Going through this exercise often reveals that some of your money just disappears on unnecessary items. The trick is to find out where this disappearing money went. If you can't remember how you spent it, there's a pretty good chance you can do without whatever it was. Once you've identified where this money has been going, you can decide whether all or part of the funds need to be redirected to another expense.

To do this, take the list of expenses you wrote down earlier, and see if you can determine the exact amount spent in each area. Start with whatever records you may have. You can use monthly statements, checkbook registers, receipts, and other records you may have on hand to verify spending for many of your expenses.

If after reviewing your records you still have a gap between how much you think you spend and how much you actually spend, more work is needed. Track

What does your family budget look like?

Home	Amount Spent/Month
Mortgage/Rent	\$ _____
Insurance	\$ _____
Furniture/Maintenance	\$ _____
Household Supplies	\$ _____
Groceries	\$ _____
Other	\$ _____
Utilities	
Home Phone	\$ _____
Cell Phone	\$ _____
Gas	\$ _____
Water/Garbage/Sewer	\$ _____
Electricity	\$ _____
Internet	\$ _____
Other	\$ _____
Transportation	
Car Payment	\$ _____
Fuel	\$ _____
Insurance	\$ _____
Tag/Registration	\$ _____
Maintenance/Repairs	\$ _____
Entertainment	
Dining Out	\$ _____
Movies/Plays/Concerts	\$ _____
Memberships	\$ _____
Events	\$ _____
Hobbies	\$ _____
Travel	\$ _____
And Baby Makes Three	
Formula/Baby Food	\$ _____
Diapers/Wipes	\$ _____
Clothing	\$ _____
Medical Bills/Medications	\$ _____
Child Care	\$ _____
Toys	\$ _____
Baby Accessories	\$ _____
Future Education Fund	\$ _____
Total Monthly Expenses:	\$ _____
Monthly Household Income:	\$ _____
What's Left Over Each Month:	\$ _____

Use this as a starting point for determining your monthly expenses. Where do you overspend? What can you cut? Where do you need to invest more of your money?

down this missing cash by carrying a small pad with you to record your daily spending habits. Write down every cent you spend and what it was for. After a month, compare this record of your actual spending to your estimated spending. The results of this hard work should be the elimination of any missing cash.

Reducing Your Spending Now that you know where your money goes, you can examine your spending habits. As you are looking at how your family spends money, think about whether or not it's okay to spend that much for each expense. Think about what's really important. Does most of your money go for things that matter to you? Having a new member of the family may change your perceptions about what is and is not important. You may want to spend more for recreational activities as a family, for education, or for your retirement and other future goals.

Take a look at your largest expenses. Are there things you can do differently to reduce them? The key is to identify expenses you feel are too high and then to find ways to reduce them to a more acceptable level. Areas where you spend more than you think are easy targets for change. If you feel you spend too much for any particular expense, change your spending so that it's more in line with what's important to you and develop a plan to reduce these expenses.

Your first reaction might well be to give something up entirely. While that kind of sacrifice can help you to get results fast, in many cases a more moderate approach is more likely to be successful. For example, instead of giving up the soft drink and candy bar you buy from vending machines at work every day, buy them yourself in bulk from a discount store or when on sale and take them to work with you.

And Baby Makes Three Once you know where your money went before the baby came along, you can start to think about

additional expenses that will arise now that baby is here. Food, diapers, clothing, medical expenses, and child care are just a few areas for which you need to plan. It may be possible to offset the cost of some of these new expenses with savings from changes in your spending habits. *You may also need to re-evaluate wants, needs and priorities to make additional cuts in the family spending plan to accommodate baby expenses.*

Parents have lots of options for reducing the cost of baby expenses. Shop around for big-ticket items you need for the baby. Be sure to check garage sales, second-hand stores, and consignment stores, especially those that focus on baby items. Churches and other community organizations often have consignment sales as fundraisers. Babies grow so fast that previously owned clothing and other items are often as good as new. *Remember, the less you spend on items that your child will quickly outgrow, the more you can save and invest for your child's future.*

The Bottom Line A new baby will mean big changes in how you spend your money. Watching how much you spend and plugging leaks in the family budget can free up additional dollars to help with baby expenses..

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For more information, contact
your local Family and Consumer
Sciences County Extension Agent
at 1-800-ASK-UGA1 (275-8421) or
visit: www.gafamilies.org for
more helpful tips on managing
your money and other financial
management resources.

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