

DOLLARS & SENSE

EDITION 10, VOLUME 1



A Simple Way to Start Your Budget

A budget doesn't mean you have to stop doing the things you like to do. It might for a little while, but as you manage your money better, you will find you have more money available to do the things you want.

"I don't need to establish a budget, I only work part time." "I don't need to establish a budget, I don't make enough money." "I don't need to establish a budget, I don't have any extra money." "I'll start budgeting next month."

If you've found yourself saying any of the above, you misunderstand the purpose of a budget. The sooner you get in the habit of budgeting your money, the easier it will be to keep budgeting when your financial health improves. The longer you procrastinate, the harder it will be to get your finances under control. By living from payday to payday, you put a tremendous amount of unnecessary stress on yourself.

Here are a few steps you can follow to get a simple budget started.

1. Identify all your consistent sources of income for one month, including your pay-check, overtime pay, child support, stock dividends, etc. Add these together.

2. Write down which day of the month you receive each source of income. This way, you will know which weeks of the month you have the most money and which weeks you have the least.

3. Pay yourself first. It's important to remember that it's not how much money you make every month, but what you do with it that counts. Saving a portion of your income for yourself each month, even if it's only \$10, helps you start to build a reserve.

4. Now write down all the bills you have no control over and the dates they are due. These are bills that have

to be paid for you to survive. They would include rent, utilities, telephone, car payment and insurance, and loans.

5. Total up the expenses in #4 and divide them by the number of times you receive income in a month (#2). For instance, if you receive income twice a month, you should divide your total expenses by two. This will tell you how much you need to hold in reserve each time you receive income to pay your bills.

6. If the due dates on your bills conflict with your payment plan, that is, the times of the month you have determined that you receive income, talk to your creditors about getting the due date changed. For example, if you've decided to pay your car payment and insurance out of the income you receive the first week of the month but they are due on the 20th, you don't have to change their due dates because you can save that amount the first week and pay the bills before the due date.

But, if your telephone bill is due on the 7th and you have determined that it should be paid out of the income you receive the third week of the month, you should call the telephone company and ask them if you can change your due date to the third week of the month to coincide with getting paid. Most companies are willing to work with you. This will help you stick to your payment plan and your creditors will receive their payments on time. Everybody's happy!

7. Stick to your payment schedule and only pay your bills at the times you have established. This will help you develop financial consistency and elimi-

(Continued on page 4)

Planning Works Every Time

The most important thing you can do to save money at the grocery store is PLAN AHEAD. While it may seem time-consuming and tedious to create a menu plan and shopping list, you'll soon find that it actually saves you time and, more importantly, money.

Menu Plan

If it's too overwhelming to plan a whole week of menus at once, start with one day at a time. Outline breakfast, lunch, and dinner. Keep in mind that a balance of fruits and vegetables is important. Add a couple of healthy snacks. Nothing too elaborate—carrot sticks, apples, etc. If you have trouble planning a full meal, there are lots of websites that have menus already created. One of these can help you get started. Make sure that the meals you select include foods that your family likes to eat.

Each week, add a menu for one additional full day. Remember that using leftovers in tasty ways from one day to the next is a great way to save money. In seven weeks or less, depending on how many days you plan for a week, you will have a full menu for a complete week.

Planning meals in advance helps prevent those last-minute trips to the store—or the fast-food restaurant. That alone saves you money.

Shopping List

Once you have your day's menu established, start your shopping list. Make

Keep a master list of household items that you use all the time on hand so that you can plan ahead to have that item available, and avoid extra rushes to the store.

sure to include all the ingredients for each dish you want to make. This will become your master list, which you can use to make the list you will take to the store with you every week when you go shopping. Continue to add to your master list as you add each day's menu.

As you run out of household items, add them to your master list also. Things like toilet paper, detergent, soap, deodorant, and dish soap often run out before we remember to replace them. If they are on your master list, you'll always have the next one in the closet.

Dividing your list into categories will make it faster to add things to your list. Your categories could be something like Dairy, Meat, Frozen Food, Fresh Vegetables, Bathroom, and Personal Hygiene. Use categories that make sense to you.

Ready to shop

Okay, this may seem like a long process, but it's a process that WILL save you money. And after you've done it a few times, you'll find that it saves you a lot of time as well. Once your master list is created, all you have to do is this:

1. Each week compare your master list to your menus. Mark on your master list the ingredients that you need for that week's meals.

2. Make a shopping list of these ingredients. If you are able to keep your master list as a spreadsheet on your computer, this will be even easier. Just copy and paste the ingredients you need onto another document each week. Once you've printed it, you can delete the new list and just keep your master list.

3. Now review your master list for other household items you are running out of. Be sure to check all your cupboards—kitchen, bathroom, hall, etc. Add the items you need to your shopping list for that week.

4. Now that you've compiled your shopping list, check the refrigerator and pantry for ingredients that are on your shopping list but that you already have at home and cross them off your list. See—part of your shopping is already done before you even leave the house. What remains on your list is what you will buy at the store.

At the store

Decide which grocery store you are going to shop at. Review the weekly shopping ads if you want to before you make your decision. Picking one store to shop at is much better than going to several stores. It reduces the temptation to buy more than what's on your list. If you like to clip coupons, take only coupons to the store for the things that are on your list. The big reason for creating a list is to help you stick to your plan and not spend more than you need to. Dividing your list into categories helps you here also by preventing the need to do lots of repeated looking around the store.

Getting the store's layout is an even bigger plus. Then you can go straight to the aisles you need. Lots of large grocery stores are now willing to provide store layouts so try asking your favorite store associate for one. Going to the store with a plan is a great way to save money.

Websites with Menu Suggestions:

www.mealsmatter.org

healthymeals.nal.usda.gov

www.nutritionexplorations.org

www.aarp.org

www.healthyeating.net

www.americanheart.org

Six Ways to Find Travel Bargains

According to Kiplinger's Personal Finance Magazine, there are bargains to be had when it comes to vacations. But it takes planning and patience to secure good travel deals. Consider these helpful suggestions:

1. Use the Web to find the best bargains in air travel and the cheapest rates for car rentals, hotel rooms and vacation packages. Also check sites that specialize in family travel.

2. Travel before or after peak season. This might not be an option if you have kids in school. But families with infants and toddlers can take advantage of discounted rates by traveling in the fall. If you're considering a vacation to Mexico or the Caribbean, resorts there are much cheaper from April or May through the fall. So the summer is prime time to head south of the border because kids are out of school and you don't need to spend as much.

3. Be flexible. You can save money by letting the available deals on flights and lodging determine where and when you'll go rather than picking a location and time frame, then trying to find affordable flights and lodging there. For example, Airfarewatchdog.com (www.airfarewatchdog.com) lets you see the best fares departing from your city, and you can sign up for e-mail notifications for deals from the airport nearest you.

4. Don't fear flying with infants. While it's true that airlines don't offer discounted rates for all children anymore, most airlines still let you hold a child younger than two on your lap for no charge, or you can pay a discounted infant fare for a seat for your child. Many people fly across the country—and even the ocean—with small children and survive the experience. What's more, attending to a baby for a couple of hours on a plane beats many hours in a car—especially when traffic is heavy and you need to concentrate on the road, not your child.

5. Pick spots within driving distance.

Driving is a good way to save money, but with gas prices the way they are, the key is to pick a destination that's just a few hours' drive away. In addition to saving money, you'll cut down on the number of times you hear "Are we there yet?" from the back seat.

6. Consider camping. If you're really pinching pennies—or just want to

keep your kids away from a computer screen for a week—pitch a tent rather than book a room. It's a great way to experience the national parks. And even places such as Disney World have campgrounds. You may even want to send the whole family to summer camp, which can be a great value vacation. Consider the American Camp Association's directory (find.acacamps.org/finding_adults.php) to find a camp that's right for your family. ■

You Too Can Save

There are loads of ideas for how to live on less. Just type "penny-pinching ideas" into Google and see what happens. You don't need to make your life miserable to enjoy the euphoria of having money in the bank. Here are some painless ways you can economize. Look online or at your local library for more. Your FFEF counselor has some resources you can check out as well.

- Direct deposit is your best friend because the money is whisked away into your favorite savings plan and you don't have to do a thing. Drop by your payroll department and/or your bank and fill out the forms today.
- Eat three meatless days a week and you'll save as much as \$25 a week. Veggies are good for you in more ways than one.
- Whenever you get a \$5 bill, set it aside. Or do the same with quarters, dimes, whatever you choose. You'll have a nest egg started in no time.
- Never spend unexpected income. Take your income-tax refund, gift money you receive, that cost-of-living pay raise, and any other extras straight to the bank.
- Get better at haggling. You'll be amazed at who is willing to drop their prices, fees and interest rates: airlines, hotels, credit card companies, salespeople. Give it a try!
- Evaluate your favorite night out. A restaurant dinner could cost you more than you spend on groceries in a week. Develop a relationship with your money and what it's worth; then you won't be so quick to spend it.
- Raise your insurance deductibles. Reassess the deductibles for various kinds of insurance policies you hold. If you can raise them, your premiums drop.
- Throw away mail catalogs before you even open them.
- Never pay full price. Explore the online world of discount sites. Ebay, half.com, and craigslist.org are excellent sources of "lightly used" goods—everything from books to jewelry to office furniture. But beware and make sure you know the rules of bidding before you venture out.
- Don't underestimate the value of the local dollar store. Party supplies, household paper products, children's toys, bulk snacks, hair clips, kitchen tools, etc. are available at inexpensive prices.

Ways to Avoid Waste

Shopping to avoid waste can require a time investment at first. Ask yourself what you have the most of—time or money? If your answer is time, it might be worth investing that time in some good meal planning and grocery shopping.

Keep in mind as you plan your meals that the longer period of time you try to plan for, the less accurate you will be. It might be a good idea to try shopping every two or three days to begin with to make sure that you are only buying as much as you will use. The more practiced you are, the longer you will be able to plan for without throwing food away.

As you plan your meals, take into consideration how much time you will need to prepare your meals. Don't plan meals that take an hour to prepare for a night on which you only have half an hour to make dinner because of other time commitments you have made. This is often a reason that food goes to waste. Because time is short, you may end up ordering fast food or take out and the food you thought you were going to cook goes to waste.

Each time you prepare your grocery list, take an inventory of what food is left from the last time you shopped. What did you buy too much of? What did you buy that no one wanted to eat? Each week you will be able to fine tune your plans until you reduce the amount of waste to a minimum. As leftovers accumulate, have a leftovers night periodically in which you make a meal out of your leftovers. See how creative you can be.

When storing leftovers in the refrigerator, mark the date you store them with a permanent marker on tape on the package. Keep a marker and tape near the fridge to make it easy to do.

Glass containers make great storage containers because it's easy to see the contents and they are easy to clean and reuse. Check out your refrigerator every day to make sure you don't have food that will soon be outdated. If you do, make sure you include it in your next meal so it doesn't go to waste.

Do the same with the food in your cupboards. Check the expiration date on the packaged and canned foods you have so you can be sure to use them before they expire also. You can also take a week or other period of time now and then in which you don't purchase any additional food until you've used all the food on hand. Instead of running to the store when you run out of something, force yourself to use what is left. This not only ensures nothing goes to waste, but it also makes sure that you completely rotate your food regularly.

Fresh fruits and vegetables make up a significant amount of the food that gets thrown away. People buy them in the belief that they want to eat healthy meals, but end up throwing them away because they don't have time to prepare them. If you find that you're still throwing food away, try buying food that's frozen instead of fresh food. That way you will be able to keep food longer.

You can also try to buy fresh fruits and vegetables that keep longer. Apples, oranges, carrots, squash, potatoes, and onions are all fresh foods that will store for longer than some other foods. Fresh fruits and vegetables are richer in nutrients so it is best to include them in your meal planning as much as you can. The longer food sits in your refrigerator, the more vitamins and minerals it loses, so if you have the time to shop every few days, your food will stay fresher. ■

A Simple Way to Start Your Budget *(continued from p.1)*

nate the stress of not paying your bills on time. You'll also know exactly how much money you have available for other things. To begin with, you may not have any money left for additional expenditures, but that will improve as your bill payments go down.

8. Stop spending more money than you have, even if you know you will have it next month. Do not make purchases until the money is actually in your bank account. You must stick to your budget. Don't spend \$50 this month on something special for yourself if you only have \$25. Instead, put that extra \$25 in a safe place and then next month, when you have the other \$25, go ahead and buy it.

9. Understand that you can take control of your finances by budgeting your money. Being disciplined and willing to make the necessary sacrifices will help you gain financial security. Your FFEF counselor can help you create a budget that will prevent you from having financial troubles in the future. For a detailed look at how to set up a complete budget, ask your FFEF credit counselor for copies of FFEF Volume 2: Creating a Budget and Volume 3: Implementing Your Budget. ■



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