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Money Matters: Create a spending plan to gain control of your finances

[YOUR TOWN] NEILLSVILLE, Wis.—Does it seem like your paycheck barely gets you through the month? Do you wonder where all the money goes?

Setting up a spending plan and tracking what you spend are important steps in successfully controlling your financial future. One of the first steps is learning how to live and save within your income. A spending plan is a personalized plan that helps you prepare for unexpected expenses, as well as save for the future. Preparing a spending plan is not difficult, but it does require some work.

The first step is to identify short-term, intermediate, and long-term goals. Short-term goals are those you want to achieve within a year, such as paying down a credit card or saving for holiday purchases. Intermediate goals are those that will take one to five years, such as saving for a car. Long-term goals will take more than five years, like saving for retirement.

After identifying goals, the next step is prioritizing what is most important to you. The third step is recording your income, to know how much you have to spend each month or week.

The fourth step is determining your expenses. It's important to record weekly and monthly expenses on a chart or in a notebook. Periodic expenses also have to be recorded, such as car repairs, insurance bills and gift purchases.

Your plan must take into account monthly, periodic and annual costs. The intermittent expenses, such as a home repair or vacation, can kill a plan if they aren't anticipated and factored into your expenses.

The fifth step uses all the information you gathered in the first four steps to develop the actual monthly savings plan, where you write down how much of your income you will spend for each expense category and how much you will save.

If your income is equivalent with your expenses, with no room for savings, you may have to make some changes. She suggests trying to decrease the more flexible expenses, such as entertainment, clothing and food. If you still can't save enough to meet your goals, you may have to re-examine them to see if the goals you have developed are realistic.

Finally, it's time to implement the spending/savings plan you have developed. Boelter recommends paying yourself first each month directly into your savings account and keeping track of what you spend to be sure that you are following your plan.

Also, remember to set aside money each month so you are ready for those periodic expenses that will eventually surface.

To learn more about family financial management, contact your county UW-Extension office [ADD LOCAL CONTACT INFORMATION].

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