

When You Need To Reduce Expenses

There are many reasons why the money that used to last until the end of the month doesn't anymore. Some common predicaments are: unexpected expenses, such as medical bills; an increase in expenses, such as rent, utilities, or food bills; too many credit payments; and/or less income. The cause isn't as important as taking the necessary steps to get back in control of your money.

When money runs short or income goes down, stop all extra spending right away. Many families don't change their spending habits until about six months after their income is reduced. That six months can mean disaster.

Look For Ways to Save

Look at each monthly bill to see if you can make reductions and still keep the item or service. Telephone bills are an example of a place to start. Do family members need call waiting, an unpublished number, line-backer service, or speed dialing? Can everyone lower long distance charges by making fewer calls, shorter calls, or calling when rates are lower.

Continue examining other bills like Cable TV, electricity, water, auto costs, and insurance. Utilities, such as the electric company, will help you with ideas to reduce costs, including use of balanced billing plans to even out expenses. Talk to insurance agent(s) to see if there are ways you can lower these costs. Maybe deductibles could be raised, coverage lowered, life insurance converted to lower cost plans, or life insurance on children discontinued.

Eating a variety of healthy foods is very important. Yet, extra food is a common household spending leak. Planning meals and snacks is a proven way to lower food costs. Shop with a list after checking what's available at home.

Look For Ways To Do Without

Look carefully at the list of expenses again. Are there some that could be done without for at least a few months--such as newspaper or magazine subscriptions, hair care and/or beauty treatments, clothing, classes/lessons, sports leagues, nights out, vending machine snacks or buying meals at work?

Learn some nice ways to say no. It may be to a salesperson on the phone, a friend asking to do something that costs more than you care to pay, or a child saying, "Everybody has one". Some easy ways of saying no are: "That's something we've decided not to buy right now", "That's a great price ([product, offer, idea) but I'm afraid I have to pass for now", "Let me think about it". To children suggest, "That's something you can buy with your allowance" or "Let's think of some ways for you to earn or save the money to buy it".

Time spent in stores encourages spending money, especially when shopping trips are just for fun. Many unplanned purchases may be items that are not really needed. Shop less often and with a written list. Take only as much cash as you can reasonably spend. Leave credit cards and ATM cards at home in a safe place.

Stay away from quick fixes like debt consolidation loans. Borrowing money to pay off debts usually doesn't work.



Look At Routines

Keep track of expenses on a daily basis. Some ways to do this include collecting receipts from all purchases, recording purchases in a small notebook carried by each person, or recording purchases in a family account book.

If money is handed out whenever someone asks for it, consider starting allowances. Deciding on an allowance for everyone in the household for personal expenses can actually reduce the amount each person spends.

Set spending limits. Look carefully at out-of-pocket spending, such as gas for the car, clothes, entertainment, lottery tickets and snacks. Decide on a reasonable amount for these items, and limit spending to that amount. Keep in mind that once each dime or dollar is spent - it's gone.

Set aside one hour each week to see how the household is doing, write checks to pay bills, and distribute allowances. If there is more than one adult, talk about how things are going and how each of you feel about it.

If making minimum payments on large credit card balances, almost one-half of the payment may be going for interest. Making only minimum monthly payments can keep you in debt for years. If you have several credit card accounts, pay off the smallest balance as quickly as possible then use that money to pay off another credit balance.

Look, Small Savings Add Up!

Most effective cost reducing ideas involve small savings. However, adding several small savings ideas together, or using an idea several times can add up to substantial amounts. It may be possible to make ends meet by making small changes in the way money is handled every day.

Bibliography

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