

Setting Spending Limits

This activity helps participants think about how to set and apply spending limits to help them plan and control their spending. This activity can be used with individuals, small groups or with couples.

Directions: Set out three cards labeled as shown:

A lot of control	Some control	Very little control
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Give each person a set of cards or slips of paper with one expense item written on each piece.
Example:

Gas for car	Eating out
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Ask the person to sort the expenses into the category he/she feels is most appropriate based on the amount of control he/she has over how much they must spend on that expense. Encourage discussion, but do not give answers.

Discussion:

As you can see there are some things where you have a lot of control on how much you spend. In fact, you can decide in advance how much you are going to spend for some of the items you spend money on. This is one way of setting a spending limit.

That is, you set a reasonable amount to spend, then limit your spending to that amount. It is like having a spending allowance. Each payday, a set amount of money is put aside for that expense. Envelopes, small jars, coin purses, plastic bags, etc, are used to hold this money. The money is used only for this specific purpose such as clothing, snacks, lunch money, baby-sitting, eating out.

Examples:

Putting \$5.00 in a coin purse each month for rummage sales, or for lottery tickets
Putting \$10.00 each week in an envelope for eating out.
Putting \$10 for gas in the car each week and no more.

Summary:

Setting limits means you decide in advance how much you can spend on something. When that amount is spent, you need to wait until the next month/or payday to spend anything on that item. This limits impulse spending, helps stretch money to cover more expenses, and gives you better idea of how your money is spent.

You are in control. You are planning where you will spend your money. When you set some limits you are more likely to have money for the things you want.



**Some
Control**

**Very Little
Control**

**Lots of
Control**



Hair Cut

Water

Child Care

Christmas

Pet Food

Car payment

**Savings for
Emergency**

Doctor

Clothes

Groceries

Rent

Eating Out

Phone

Gas for Car



**Cleaning
supplies**

**Driver's
license**

Groceries

Eating out

Diapers

Laundry

Birthday gift

Magazines

Cable TV

**Video
Rentals**