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MANAGING IN TOUGH TIMES INITIATIVE

FAMILY FINANCIAL MANAGEMENT

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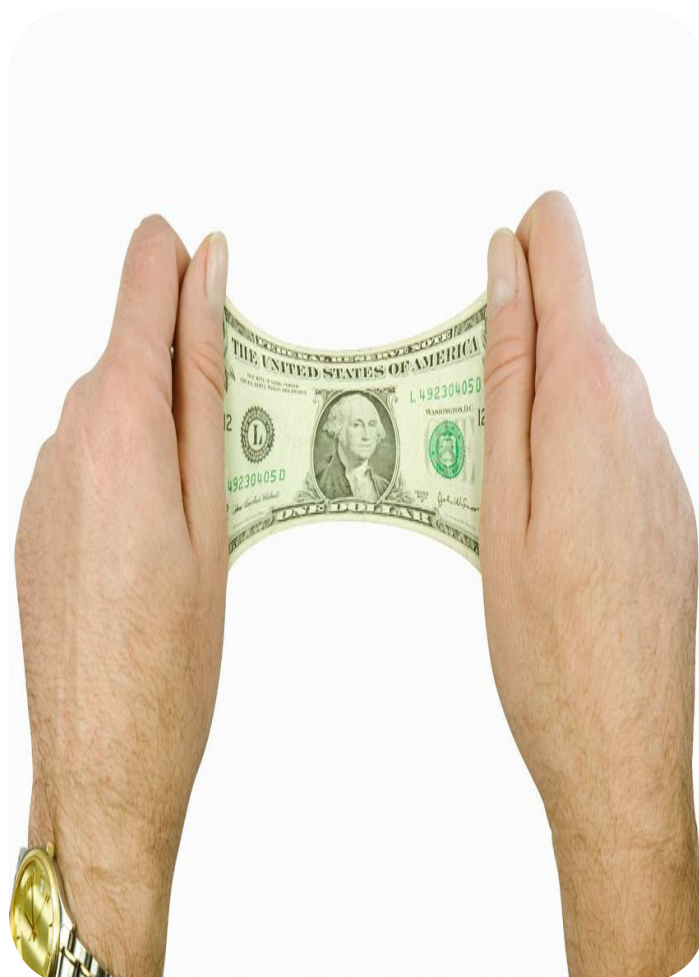
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THIS MONTH'S TOPIC:

Stretching Your Paycheck

Many households experienced a two-percent decline in take-home pay in January 2013 as the employee portion of Social Security taxes returned to 2010 levels. Combined with fluctuating prices for different goods and services, this reduction in take-home pay might have you feeling more stretched at the end of the month than usual. Spending plans are a key tool to help families balance their income and expenses on a monthly basis. As income and prices of goods change, it is important to revisit your spending plan.

A spending plan is as it sounds, a formula for spending money. One important first step is to find out where you spend money. Start by writing down all of your expenses for one month. Typically the big expenses, such as rent and groceries are easy to track, but make certain to include all expenses such as trips through the drive-thru, dry cleaning, and vending machine purchases.



Small savings add up over time.

Normally it is easier to find small things to cut from your lifestyle than it is to make big adjustments. It is important to realize that those small savings add up over time. Review your expenses and identify areas where you can reduce expenditures. Becoming wise to your spending choices and realizing how much you could actually save can be a motivating factor. Consider the following scenarios:

- An average meal at a fast-food restaurant costs around \$6. If you eat out three days per week, you are spending nearly \$1,000 a year on fast food!
- Coffee shops are popular spots for networking and to unwind. A small specialty coffee costs around \$4. If you frequent a coffee shop twice per week, you could easily spend \$500 a year on coffee and cappuccino!
- Office vending machines can be a big temptation. In a vending machine the average soft drink costs \$1.25 and a candy bar, about \$1. Buying both for a mid-afternoon snack during the week could total over \$600 a year in junk food!



By making a few lifestyle changes you can spend less and save more.

- Rethink how and when you shop. Try to reduce your temptation to spend by only shopping one day per week.
- Always shop with a list and try to stick it. Remember a sale really is not a sale if you are buying an item that you do not need.
- Spend cash instead of using credit or debit cards.
- Look for discounts. You can find discounts on everything from restaurants and entertainment to kid's birthday parties. Read your local paper and check weekly advertisements for deals.
- Review your current bills to determine if you are really using and need the elaborate cable package or cell-phone plan.
- Check out your local library for DVD and book rentals.

There are many ways to save without making big changes. Once you find success on a small scale, bigger changes become easier.

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