

MANAGING



Joan LeFebvre
and Linda Boelter

Strategies for spending less

When your income is suddenly reduced, act quickly to stop all excess spending. Whether your situation is temporary or long-term, you need to get the most for your money.

Studies have found that many families do not adjust their lifestyle to cut spending until about six months after their income drops. Those six months can bring disaster.

When you take charge of your new financial situation, you are making a positive contribution to your family's well-being.

Following basic money management guidelines can reduce stress and help you adjust to living on less income.

Where to begin

Here are some research-tested principles to get you started:

- List your most important expenses** — basic living needs, things you must have or do.
- Make a spending plan** to make sure the money you have will go toward your highest priority needs. Then, develop a weekly money management plan to help you manage with less income. Use the worksheets from the fact sheet in this series *Setting spending priorities/Cómo establecer las prioridades de gastos*.
- Stick to your spending plan.** With less income, each spending decision is critical. Monitor your spending to be sure you are following your plan.

For most people, **fixed expenses** — such as rent or mortgage, car or truck payments, insurance premiums, installment loan payments — are a high priority.

And most people find it easier to conserve or cut back on **variable expenses** such as food, utilities, clothing, and household items. This **flexible spending** can be more easily adjusted to fit your reduced income.

Enlist the help of all family members, and work together to reduce spending.

When everyone understands the tough choices needed and takes part in decision-making, you are more likely to succeed at living on less.

Cut flexible spending

Gather your family together, and go through the lists under each flexible expense category below. Check the ideas you think would help you reduce spending. Add your own ideas to each list.

As you go through the following lists, think about how you could spend less:

- What can you trade or share with others? For ideas, see the fact sheets in this series *Bartering/El trueque* and *Making the most of what you have/Cómo sacar el mayor provecho de lo que tiene*.
- Can you substitute a less costly item?
- How can you conserve your resources and avoid waste?
- Can you save on service or repair if you do it yourself?
- Can you do without this item or wait until later?

Ways to reduce spending

Food

- Plan meals around foods you have on hand until more money comes in.** Plan your meals and snacks for a week ahead to see what you need to buy, and shop from a list based on your planned menus. Your county UW-Extension office can provide information and recipes for stretching food dollars (www.uwex.edu/ces/cty).
- Plan to use low-cost protein foods** such as dry beans, eggs, peanut butter, turkey, and chicken. Ground beef and liver are good buys in red meats. Use slow cooking and marinating to tenderize less expensive cuts of meat. Large roasts can be cut up and used in different ways for more than one meal. Include meats in sauces or casseroles to make them stretch farther.
- Go shopping as few times as possible.** Frequent trips make it easy to buy extra items.
- Eat before you go shopping.** Everything looks good when you are hungry, making it hard to stick to your list. Also, shopping in a hurry can cause you to overlook the best buys.
- Shop alone, if possible.** It's hard to say no to your children's favorite foods or treats when they are with you.
- If you must take your children shopping...**
 - Explain to your children ahead of time that you are only getting the foods on your list and that you need their cooperation.
 - At the store, have them help you find the foods on your list, push the cart, or assist in some other way.

- Check store ads for weekly specials and other good buys.** Buy generic or store brands. Compare unit costs. Bring your calculator with you.
- Turn leftovers into “planned overs.”** You can sometimes get two meals for the price of one. Refrigerate cooked foods promptly to keep them safe to eat. Label and freeze foods you will not eat in the next day or two.
- Take advantage of free or reduced-price school lunches or breakfasts for your children.** For adults, there may be a community food program, too. Your reduced income may fall within guidelines for receiving government food assistance.
 - To find out if you qualify for **Food Stamps**, contact your county or tribal social or human services office.
 - To see if you qualify for the **WIC — Women, Infants, and Children** (www.dhfs.state.wi.us/wic) nutrition program, contact the local WIC office or the tribal or public health department. You do not need to be on public assistance to receive WIC benefits.
- Harvest your own food.** Plant a garden, help with a community garden, shop at farmers' markets, or use fish and wild game in season. Be sure to read and follow the fish advisory you get with your license.
- Limit your eating out.** If you do eat out, select a restaurant that fits your budget. Watch for coupons or specials for the restaurant you choose.

Other ideas:

Utilities

Heating and cooling

Home heating and air conditioning are the most expensive utility costs, so check how you can save energy.

- Find out if you are eligible for low-income home energy assistance.** This federal program provides money to help pay winter heating bills. You may also get help weatherizing to improve home insulation and reduce energy use.
 - Information is available in English, Spanish, and Hmong on how to apply for these programs, with checklists of what to bring to your first meeting. Ask your county or tribal social or human services office about the Wisconsin Home Energy Assistance Program, or call toll-free, weekdays (Spanish help available): **Home Energy Plus**, (866) 432-8947, heat.doa.state.wi.us.
- Contact your utility company right away** — before the bill is due or you need fuel. Provide information about your income and expenses. Many utility companies have budget counselors to help you work out a realistic payment plan based on your ability to pay. Make payments as promised.
 - Ask your fuel supplier about setting up a budget plan that spreads payments evenly over the year.
 - If you are short of cash during the heating season and delay paying your utility bills, the winter moratorium prevents utility shutoffs from around November 1 through April 15. **Caution:** You will still have to pay your utility bill eventually.



- Keep your furnace operating as efficiently as possible.** See the use and care manual for do-it-yourself maintenance, or look for instructions inside the access panel. Check the furnace filter monthly. Clean or replace a dirty filter, and make sure the mesh covering faces the blower.

- The best way to save money on heating or cooling is to make the furnace or air conditioner work as little as possible.**

- Close storm windows and doors. Find and seal air leaks around windows, doors, foundations, electrical outlets, exhaust fans, and room air conditioners. Make sure furniture does not block heating and cooling vents. Close doors and registers to unused rooms.
- **In winter:** Set your thermostat at 65°F and wear layers of clothing to keep warm. At night and when you are away, turn the thermostat down to 55°F. Close drapes and shades at night to help trap heat inside.
- **If you have central air conditioning:** Keep the thermostat set as high as you can tolerate, and move it up a few degrees when you are away. Close drapes and shades during the day to help keep heat out. Keep grass, weeds, and shrubbery away from the condenser. Use fans to circulate air. Run exhaust fans after showers and baths. Make sure your clothes dryer vents outside, and line-dry clothes outdoors when possible. Turn off the dehumidifier.
- **If you have a room air conditioner:** Turn it off when you are away. Clean the filter and evaporator. Use higher fan speed for comfort. Close shades and drapes during the day to help keep heat out.

Electricity

- Choose energy-saving lights when you need new ones.** Compact fluorescent lightbulbs last many times longer than the older incandescent bulbs — and use much less energy. Turn off lights, radios, and the television when no one is using them. Use your oven efficiently by cooking two or three things at the same time.
- Use hot water wisely.** Keep your water heater set at 120°F or less, take short showers, and rinse laundry in cold water. Check faucets for drips. Ask your utility company for energy-saving ideas.

Phone

- Cut long-distance costs.** Compare plans to find the one that best meets your needs, or use low-cost pre-paid calling cards.
- Use fewer optional custom calling services** such as call waiting, three-way calling, voice mail, and caller ID. Each service costs extra. If you are renting a phone, you may find it costs less to buy your own.
- If you use a wireless phone:** Make sure your plan covers the calls you typically place. Understand promotions, peak calling periods, coverage area, and roaming charges to avoid paying for more than you will use. Also, consider whether you need both a wireless and a land-based phone. Being able to eliminate one may work for your family and save money.

Cable or satellite TV

- If you have cable or satellite services:** Choose a basic plan that is less expensive. Think about how you can save on what you pay for television and Internet services.

Other ideas:

Household upkeep

- Learn to do simple home repairs.** Look for how-to publications at your local library.

With instructions and the right tools, you can...

- Fix leaky faucets and water connections, clean faucet aerators, unclog drains and toilets.
- Safely fix a clogged garbage disposal.
- Safely repair electric cords and plugs on lamps and small appliances.
- Take good care of what you have.** Keep use and care manuals in one place, and follow their directions. To prevent costly problems, you can...
 - Clean refrigerator condenser coils with a brush or vacuum twice a year. Coils may be behind the refrigerator or on the bottom. On a frostless refrigerator, empty and clean the defrost pan regularly.
 - Clean out eaves and downspouts in fall after trees have shed their leaves.
 - Wash siding with clear water and a soft brush.
- Prevent indoor moisture problems.** Molds and mildew can damage home furnishings and pose serious health risks. For help, contact your county UW-Extension office or public or tribal health department.

Other ideas:

Transportation and vehicle upkeep

- Avoid unnecessary travel.** Plan your trips and errands to reduce the amount of driving. If you own more than one vehicle, consider selling one.
- Carpool or use public transportation when possible.** For short trips, walk or ride a bicycle instead of driving.
- Remember to do regular maintenance such as oil changes.** Do your own vehicle maintenance if you have the skills and tools. Wash your car yourself; a clean car will rust less.
- Keep your tires properly inflated for better gas mileage.** Check your owner's manual for recommended tire pressure.
- Review your insurance policies.** Make sure you are adequately covered in case of accident. You may be able to reduce your premiums by increasing the deductible amounts for collision and comprehensive coverage. Maintaining a good driving record and credit history can also help reduce premiums.
- If your employment is seasonal:** Arrange with your insurance agent to have insurance bills due when you are employed. See the fact sheets in this series *Meeting your insurance needs/ Cómo pagar por el seguro que necesita* and *Talking with creditors/ Comunicación con los acreedores*.

Other ideas:

Medical care

- Practice good health habits.** Good nutrition, hygiene, and daily exercise such as taking a walk help keep you healthy.
- Learn common disease symptoms to know when to see a doctor.** Early treatment of many diseases and injuries often costs less than waiting until symptoms are severe. Take advantage of public or tribal clinics and immunizations such as those available during health fairs. If you have time, consider taking first aid classes offered by community agencies such as Red Cross.
- For free, practical counseling and information to help you stop smoking:** Call toll-free, any time: **Wisconsin Tobacco Quit Line** (877) 270-7867 (English) (877) 266-3863 (Spanish) (877) 777-6534 (TTY) www.ctri.wisc.edu.
- Shop around for doctors and dentists whose fees are reasonable.** You may find it costs less to stick with the same doctor or dentist to avoid duplication of tests and records. Ask your dentist and health provider about an installment plan to spread payments over several months.
- Ask your doctor to prescribe and your pharmacist to fill prescriptions with generic drugs.** Look for generic over-the-counter drugs. Avoid overuse.
- Review your health insurance coverage.** Update medical and dental insurance policies to eliminate duplication of coverage and double payments.
- If you do not have health insurance:** Your reduced income may qualify you for Medicaid — medical assistance for people of any age who cannot otherwise afford to pay their bills. Uninsured children may qualify for BadgerCare. Contact your public or tribal health department.

Other ideas:

Clothing and personal care

- Take an inventory of each family member's wardrobe.** Determine which items must be replaced or added. Repair or remodel clothing, and swap items with other family members or friends.
- Mend clothing promptly.** Change to old clothing for cleaning and yard work, and have children change to play clothes. Follow instructions when laundering clothes.
- Compare price and quality of clothing you buy.** Check discount stores, thrift shops, second-hand outlets, and yard sales. Check size and fit. If clothing does not fit well, you probably won't wear it.
- Buy clothing that is washable and easy to care for.** Check care labels.
- Choose clothing and accessories so you can wear them with several outfits.** Buy clothes that go with items you already have, so you can mix and match outfits.
- Clean out-of-season clothes and store them to prevent damage by insects and mildew.**
- Sell clothes you do not wear but are in excellent condition** through a local consignment store.
- Learn to do your own hair care, or barter with someone who can.** Learn to trim your children's hair. Shop around for lower cost haircuts such as at a beauty or barber school near your home.
- Watch for sales and specials** on shampoos, soaps, and cosmetics.

Other ideas:



Education and recreation

- Choose free or low-cost activities such as hiking; picnicking;** visiting a museum, zoo, or library; or attending free concerts, school, or community events. Plan potluck gatherings with family and friends when you entertain at home.
- Borrow free videos, CDs, and books from your public library.** Or trade with friends and family. Check resale shops.
- Stop magazine, newspaper, or online subscriptions** when it is time to renew them. Use your public library to find information you need from these sources. If you do not have a computer, most libraries have one you can use.
- Check local papers for free activities in your area.** Look for youth activities, craft classes, and sports teams at local schools, community centers, and recreation departments.
- Play games together as a family** instead of going to the mall or out for a movie.

Other ideas:

Child care information for parents (English)

www.dwd.state.wi.us/dws/programs/childcare/parent.htm

Información para padres (Spanish)

www.dwd.state.wi.us/dws/programs/childcare/informacion.htm

Xov qhia rau cov ua niam ua txiv (Hmong)

www.dwd.state.wi.us/dws/programs/childcare/xov.htm

Child care, elder care

- Parents who owe child support:** Contact your family court right away about obtaining a lower support order — **before** you miss a payment. Do this immediately, because support obligations cannot be lowered retroactively.
- Arrange your family's schedule** so one adult cares for children or an older adult while the other works outside the home. If both spouses are unemployed, take turns so each can look for a job or have some personal time.
- If you are single,** arrange to share child care or elder care with a relative, neighbor, or friend.
- Form a baby-sitting co-op** with other parents. Arrange car pools with other parents for children's school and extracurricular activities.
- Enroll children in Head Start, school, library, or other community programs** that provide supervision and have no or low fees.
- Investigate public nursery schools and child care centers.** To find the regional agency near you, call toll-free: **Child Care Resources and Referral** at (888) 713-5437, www.wisconsinccrr.org/Agency%20List.htm.
- Some job training programs provide child care.** If your income and family savings fall below certain limits, you may get help paying for child care so you can work or get job training. Contact your county or tribal human or social services office. Or find out more about eligibility requirements online: **Wisconsin Connections — Wisconsin Shares Child Care** (www.uwex.edu/ces/connections/downloads_2003/ChildCare_02.pdf).
- If children are old enough and responsible:** Talk about self-care before or after school.
- If you care for an older adult:** There may be community programs to assist you. Contact your county or tribal aging office.

Other ideas:

Other expenses

- Add up small but regular expenses** such as buying coffees, soft drinks, and bottled water and renting videos. These can quickly total more than you think each month.
- Carefully consider each gift or donation you make.** Reduce monetary giving, and donate services instead. Make gifts instead of buying them, or give services such as baby-sitting, elder care, house watching, or dog walking.
- Set a reasonable amount for children's allowances.** Make sure each child understands what their allowance covers.
- Consider the financial, social, and health costs of habits** such as smoking, drinking alcoholic beverages, and gambling. These are expensive, and you may be able to reduce or eliminate them.

Other ideas:

Before buying an item, ask yourself...

- Do I already own one or know someone else who does?
- Can I do without it?
- Can I substitute something else that costs less?
- Can I use my own skills to make it myself?
- Can I buy it later?

Learning to spend less can reduce financial stress. Strategies such as those given here can help you stretch your dollars to get more for your money and to meet your financial needs with less money.

When your income increases, you can continue to use these strategies to help you reach your financial goals.

Resources

For help with health care and healthy eating...

Find out about services and resources for income-eligible women, children, and families. Or search the **Resource House** database of more than 3,000 programs and services (www.resourcehouse.com). Or call **Public Health Information and Referral Services for Women, Children, and Families** at (800) 722-2295, www.mch-hotlines.org.

To find the WIC agency nearest you: Ask directory assistance for the Women, Infants, and Children nutrition program. This information is also available online at www.dhfs.state.wi.us/wic.

For help spending less...

See these money management fact sheets in this series, in English or Spanish:

- Setting spending priorities* (B3459-01)/
Cómo decidir cuáles son los gastos más importantes (B3459-01S)
- Strategies for spending less* (B3459-02)/
Cómo gastar menos (B3459-02S)
- Deciding which bills to pay first* (B3459-03)/
Cómo decidir qué cuentas pagar primero (B3459-03S)
- Talking with creditors* (B3459-04)/
Comunicación con los acreedores (B3459-04S)
- Keeping a roof overhead* (B3459-05)/
Cómo asegurarse de que la familia tenga donde cobijarse (B3459-05S)
- Meeting your insurance needs* (B3459-06)/
Cómo pagar por el seguro que necesita (B3459-06S)
- Bartering* (B3459-07)/
El trueque (B3459-07S)
- Making the most of what you have* (B3459-08)/
Cómo sacar el mayor provecho de lo que tiene (B3459-08S)

Deciding if bankruptcy is an option for you (B3459-09)/
Cómo decidir si la protección por bancarota es una buena opción para usted (B3459-09S)

Taking care of yourself (B3459-10)/
Cómo satisfacer las necesidades personales (B3459-10S)

How you can help when mom or dad is unemployed (B3459-11)/
Cómo puedes ayudar cuando tu papá o tu mamá está sin empleo (B3459-11S)

Helping children cope (B3459-12)/
Cómo ayudarles a los niños a sobrellevar las dificultades (B3459-12S)

Community agencies that can help (B3459-13)/
Las agencias comunitarias pueden ayudar (B3459-13S)

Looking for a job—Watch out for scams (B3459-14)/
Búsqueda de trabajo—Tenga cuidado con las estafas (B3459-14S)

Where to go for help finding a job (B3459-15)/
Dónde conseguir ayuda para encontrar empleo (B3459-15S)

Starting your own business (B3459-16)/
Cómo iniciar su propio negocio (B3459-16S)



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Authors: Joan E. LeFebvre, professor, Department of Family Development, University of Wisconsin-Extension, and family living agent for Vilas, Forest, and Florence counties; and Linda A. Boelter, CFP®, professor emeritus, UW-Extension.

Reviewers: Marsha A. Goetting, CFP®, professor and extension family economics specialist, Montana State University; Michael Gutter, assistant professor and family financial management specialist, University of Wisconsin-Extension; Brenda B. Janke, Lincoln County family living educator and family financial specialist, UW-Extension; Elizabeth Kiss, family resource management specialist, Purdue University; John Merrill, professor and housing specialist, UW-Madison and UW-Extension, and Barbara Roder, Fond du Lac County family living educator and family financial specialist, UW-Extension.

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