

Getting Through Tough Financial Times

Strategies for Spending Less

Control Spending

When the family faces reduced income, take immediate action to stop all excess spending. Buy only what you and your family really need.

Studies have found that many families do not adjust their lifestyle for about six months after their income is reduced. That six months of ignoring the situation can make things worse. When you take charge of your financial situation immediately, you are making a positive contribution to your family's well-being now and in the future.

Following basic money management steps can reduce stress and help you adjust to living on less income. Here is a list of research-tested strategies:

- **Make a list of the family's most important expenses while you have less income.** This means things you must have or do. Make a family spending plan by listing the amount you will spend in each category. This will ensure that you plan to spend less than you earn. Refer to *Setting Spending Priorities*, to develop a family budget.
- **Spend according** to your budget. With less income, each spending decision is critical. Tally up your expenses each week to make sure you are not over spending in any category.

When money is tight, most people give high priority to paying **fixed expenses** such as rent or mortgage payments, insurance premiums, car payments and installment debt. **Flexible expenses** such as food, utilities, clothing and household expenses can be more easily adjusted to fit your income. Plan to cut back on all the flexible expenses. If necessary to further reduce spending, see if you can cut back on the fixed expenses.

All family members need to work together to reduce spending. When everyone pulls together, you are more likely to succeed in reducing spending.

Together, the family should go through the following list of flexible expense categories. Check the ideas that would help your family reduce spending. Add your family's ideas to each list.

As you go through the list, ask "How can we reduce spending?"

- Can we **substitute** a less costly item?
- How can we **conserve** resources and avoid waste?
- Are there opportunities to **cooperate** with others by trading or sharing resources?
- Can we save if we **do it ourselves**?
- Can we **do without**?

Food

- Plan meals around foods you have on hand until more money is available.
- Plan meals and snacks for a week ahead. Make a list of what you need to buy; estimate the cost to

know if you have enough money to last the week. The local University of Illinois Extension office can provide information on spending guides for thrifty food plans.

- Shop from a list based on planned menus. Check the food advertisements for good buys. Clipping and using coupons may save money, if the coupons are nutritious items you need. Two web sites that allow you to print coupons are www.Coupons.com and SmartSource.com. Some stores do not accept coupons from the internet. Sunday newspapers often have an insert with coupons.
- Go shopping as few times as possible. Frequent trips can add to family food costs, because it is easy to buy extra items, unplanned each time. Shop alone, if possible. It is hard to say “no” to your children’s favorite foods when they are along. Don’t go shopping when you are hungry. Everything looks good when you are hungry, so it’s hard to stick to your list. And shopping in a hurry may cause you to overlook the best buys.
- Use low-cost protein foods such as dry beans, eggs, peanut butter, turkey and chicken. Hamburger and liver are good buys in red meats. Large roasts can be cut up and used in different ways for more than one meal. Stretch meats by using them in sauces or casseroles. Use slow cooking and/or marinating to tenderize less expensive cuts of meat.
- Use reconstituted nonfat dry milk for cooking instead of whole milk. Dry milk is equally nutritious, and can be less expensive.
- Turn leftovers into “planned overs.” You can sometimes get two meals for the price of one. Store cooked foods properly to make them last longer. Freeze them if you have the space.
- Take advantage of free - or reduced - price school lunch programs.
- Where available, use fish and wild game.

Utilities and Household Maintenance

- Maintain and clean your furnace regularly.
- Find and fix air leaks around windows, doors, foundation, electrical outlets, exhaust fans and attic openings.
- Install storm windows and doors, or put up plastic sheeting to reduce heat loss.
- Adjust the thermostat setting by five degrees and compensate for comfort with clothing. Heating and cooling are the most expensive utility costs.
- Insulate ceilings, exterior walls, under floors, heat ducts and hot water pipes. You may qualify for programs that insulate your home. Check Community Agencies That Can Help for information.
- Select energy efficient light bulbs, tubes and fixtures when replacements are made. Use compact fluorescent light bulbs (CFL) or other fluorescent bulbs wherever possible.
- Turn off unused lights.
- Close doors to unused rooms and shut off heat/air conditioning to those areas.
- Hang clothes to dry instead of using a clothes dryer.
- Take shorter showers.
- Make only emergency long-distance telephone calls. If possible, make calls when rates are lower. Check with your phone company for their rates. See if you are on the lowest rate calling plan. Are there extra features you pay for that you can eliminate such as call waiting? Pre-paid phone card may be even cheaper. Some families use only cell phones and have dropped their land-line phones.
- You also may want to investigate alternative long-distance services. Compare the prices of the various phone companies’ long distance services to see if there is a lower cost option.
- Consider writing letters or sending emails instead of making long-distance phone calls.

- Give up cable television connections that increase your monthly bill.
- Learn to do simple home repairs such as replacing washers in faucets and repairing damaged electric cords, torn window screens or broken window panes.

Transportation and Upkeep

- Carefully plan the use of your car to reduce the amount of driving. If you own more than one vehicle, and if it is reasonable to do so, sell one and combine its use with that of the remaining vehicle(s).
- Car pool or use public transportation when possible.
- Do your own vehicle maintenance if you have the skills and tools.
- Walk or ride a bicycle instead of using a car for short trips.
- Evaluate automobile insurance policies to make sure you are adequately covered. You may be able to reduce your premiums by increasing your deductibles on collision and comprehensive.
- If your employment is seasonal, arrange with your agent to have insurance bills due when you are working.
- Medical Expenses
- Maintain good health habits. Good nutrition can cut down on illness and tooth decay.
- Learn the symptoms of common diseases in order to determine when seeing a doctor is advisable. Early treatment of many diseases or injuries is often least expensive. Consider taking classes on first aid or baby care offered by community agencies.
- Shop around for doctors and dentists whose fees are reasonable. You may find it less expensive to stick with the same doctor or dentist to avoid duplication of tests and records. Your doctor would probably agree to an installment payment plan. Check Talking With Creditors.
- Take advantage of public clinics and immunizations often available during local health fairs or at the Public Health Department.
- Update medical insurance policies to eliminate duplication of payments, since most companies pay on a co-insured basis. If you do not have health insurance, see if you qualify for Medical Assistance.
- If a trip to the hospital is necessary, use a ward or semi-private room. Check the hospital statement to make sure the services charged were the ones received.
- Ask your doctor to prescribe and your pharmacist to fill prescriptions with generic drugs. Avoid excessive use of over-the-counter drugs.

Clothing and Personal Care

- Take an inventory of each family member's wardrobe to determine which items must be replaced or added. Repair and/or alter present clothing and swap items of clothing with other family members or friends. Try to develop the attitude in your children that "handed down" clothing is not only economical and less wasteful, but can also be enjoyable.
- Follow instructions when laundering clothes.
- Mend clothing promptly. Polish shoes to keep them looking good.
- Have children change to older, worn clothing for play.
- Compare price and quality of clothing you buy. Check discount stores, mail-order catalogs, thrift stores, second-hand outlets and garage sales.
- Check size and fit. Clothing that does not fit well will not be worn often.
- Buy clothing that is washable and easy to care for. Read the care labels.
- Carefully coordinate clothing and accessories so that they can be used with several outfits.

- Learn to do your own shampoo, set, and manicure at home. Cut your children's hair yourself. Select cosmetics and toiletries that are reasonably priced.
- Recreation and Leisure
- Choose activities that are free or cost only a small amount of money such as hiking, picnicking, visiting a museum or attending a free concert. Attend school or community events.
- If you entertain at home, have potluck affairs for family and friends. This way, everyone shares the food costs.

Child Care

- Try to arrange your family's schedule so one parent is available to care for children while the other parent works. If both parents are unemployed, try to alternate child care responsibilities so each will have an opportunity to look for a job or have some personal time. If only one parent is present in the home, try to share child care duties with a relative, neighbor or friend.
- Form a babysitting co-op with other parents.
- Investigate public nursery schools and day care centers. Arrange car pools with other parents for children's school and extra-curricular activities.
- Some job training programs provide child care. For more information, check Community Agencies That Can Help.
- Miscellaneous Expenses
- Carefully consider each gift or donation. Reduce monetary giving and donate services instead. Make gifts instead of buying them, or give services such as babysitting, elder care, house watching or pet care, mowing, or plant care.
- Consider the cost of habits such as smoking and drinking alcoholic beverages. These habits are expensive, and you may want to reduce or eliminate them.
- Stop magazine or newspaper subscriptions when it is time to renew them. Use your public library to find information you may need from these sources.
- Set a reasonable amount for children's allowances and have a definite understanding with them about what they cover.
- Can we substitute something that costs less?
- Can we use our skills to make it?

Web Resources

CNN Money: Online Budgeting Tool

http://cgi.money.cnn.com/tools/instantbudget/instantbudget_101.jsp

Energy Savers

<http://www.energysavers.gov/>

Free and inexpensive strategies for saving energy and money through the cold months, as well as energy-saving investments that can provide savings over the long term. You'll also find information on financial assistance for energy-saving improvements.

66 Ways to Save Money

http://www.pueblo.gsa.gov/cic_text/money/66ways/

References

66 Ways to Save Money. Consumer Literacy Consortium. Save Money, Pueblo, CO 81009, 50 cents each, payable to Superintendent of Documents.



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University of Illinois Extension, 2009. College of Agricultural, Consumer & Environmental Sciences/State/County/Local Groups/USDA cooperating. University of Illinois Extension provides equal opportunities in programs and employment.