



# Tools for Money Management

## Savings-Spending Plan Instructions

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### At a glance ...

This money management tool, the Savings-Spending Plan, provides instructions for calculating monthly income and planning monthly savings and spending. Use these instructions with "Savings-Spending Plan Worksheet."

### TIP

If there are times of the year when you have little or no income, plan to save money for these times. Know which months you expect less income and which you expect more.

### What this money management tool can do for you ...

A savings-spending plan will help you to stay in control of your finances. You can use it to make ends meet, save for emergencies and plan ahead for big expenses. With your spending well under control, you can

- pay your bills.
- have money for the things you need.
- have less stress.
- feel better about yourself.

Use the worksheet (factsheet SP 613-B) to plan your savings and spending. You will estimate both your income and expenses. Use a pencil or erasable pen so that if your income and savings/spending are not in balance you can make changes.

### Step 1: Calculate your monthly income.

- Use Step 1 on the worksheet to calculate your monthly income. Include the income of all members of your household who contribute. Be sure to include only income that is "for sure," not income that "might be."
- If your income varies from month to month, figure your average monthly income by adding your income for the past six months and dividing by six.

### TIP

Are you just not sure where your money goes? Actually tracking your spending for a month can provide you with a more realistic picture of your spending habits. Use the publication "Track Your Spending" to help you do this.

### Step 2: Determine the monthly amount needed for periodic expenses.

- Some expenses only come once or twice a year. Use Step 2 on the worksheet to list those expenses.
- Total the periodic expenses for each month and for the entire year.
- After you have added the months, divide by 12 to determine how much you need to budget each month to cover these expenses. Remember, if more of your expenses will occur during the early months of the year, you may have to save more each month at the beginning of the year to cover them.

### TIP

There will be unexpected expenses – auto repairs, dental or medical bills, and appliance repairs, for example. Include money in savings to prepare for these expenses. You may want to set up a special account for emergency and periodic expenses.

### Definitions

**Periodic expenses** are those that occur only once or a few times during the year.  
**Fixed expenses** are necessary and normally do not change much from month to month.  
**Controllable expenses** are those that you can change.

**Step 3: Estimate monthly fixed expenses.**

- Use Step 3 on the worksheet to estimate your fixed monthly expenses. Change the list to fit your household. If you have expenses not listed, add them. Delete any expenses listed that you don't have.
- Total all the fixed expenses.

**Step 4: Estimate monthly controllable expenses.**

- Use Step 4 on the worksheet to estimate your controllable monthly expenses. Change the list to fit your household.
- Total all the controllable expenses.

**Step 5: Compare income and expenses and make adjustments.**

- Add the totals of the fixed and controllable expenses.
- Subtract this amount from your net monthly income.
- If you have a negative balance (savings/spending is more than income), make changes to your plan to bring your income and savings/spending into balance.
- If you would like to know how other families allocate their money, refer to the chart at the end of the worksheet.

After you have completed the Savings-Spending Plan Worksheet, you can use the publication, "Track Your Spending" to keep track of what you actually save and spend compared to your plan.

**Reference:**

Alice Mills Morrow, "Your Savings/Spending Plan," Oregon State University Extension Service.

"If your outgo is more than your income,  
then your upkeep may well be your downfall!"

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