



Taking Charge of Family Finances

Family Money Manager

Debra Pankow
Family Economics Specialist

Money is an often-discussed topic in most families, usually centering on, “Where did it go?” More money is usually not the answer for solving financial concerns for most families. Instead, developing a plan for better money management will help most families feel more satisfied with their income and their progress toward goals.

Family Goals

Effective money management depends on the way a family chooses to live and the goals it plans to achieve. Think about where your family is today financially, and where you would like to be in five or 10 years.

Long-term goals — These “dreams for the future” are usually set for more than five years.

Intermediate goals — Usually these objectives would be attainable within one to five years.

Short-term goals — These goals are attainable in the next three months to a year.

Each goal you choose should have a specific dollar amount assigned to it in order to help make it a reality. The first goal for many families will be to set up an emergency fund. An emergency fund is usually living expenses for three to six months, to be used in case of an interruption in income. (See Chart 1: Goal Setting Worksheet.)

Getting Started

It’s important to take a moment and assess the situation. The charts included in this section of the Family Money Manager will help you determine income resources, and your expenses. Look at Chart 2: Income Forecast. What is your anticipated monthly income? This is the amount you will be using to plan your cash flow.

For some families, taking a good look at their income, and seeing where the money is actually spent is enough to help them regain financial control. But others need additional help in the form of a money management program or a few visits with a professional financial counselor who can provide help with better money management. Financial counseling is available through a variety of nonprofit services (consumer credit counseling) and through military family support programs.



Planning to Spend and Save

Many families set goals and have dreams for the future. Taking charge of spending means knowing how much is being spent and on what items. A good recordkeeping system can make all the difference in making your spending plan a success. You might want to consider the following methods to achieve a realistic idea of how your money is being spent:

Tracking sheet — Write down your daily spending for a two-week period. On a sheet of paper, write the categories you need to track. Track categories that vary in amounts from week to week or month to month. (Example: You do not need categories like mortgage or car payment. Suggestion: Make the first four categories: food, eating out, snacking out and personal care). There are numerous forms, workbooks and even computer programs available to assist in this method.

Check register tracking system — Each expense is recorded immediately, with the balance kept up to date in a checkbook register. You can use the register to record checks, cash and credit expenses. For information on this system, see NDSU Extension Service publication, “HE-470: Taking Charge of Family Finances.”

Calendar system — Use a calendar to track your monthly cash flow. Begin on the first day by writing down cash on hand or the balance in your checking account. Write your paycheck amounts on the appropriate dates. Then, write down when bills need to be paid or when you need to spend money for food, gasoline, school, etc. You will list the amount of your income and the bills so you can add and subtract as your progress. Continue this process through the month to see if you can cash flow.

Envelope system — This cash system lets each family member see how much money is available in each envelope or budget category. It requires little paperwork since the expenses are simply recorded in the envelope. Receipts may also be kept in the envelopes. The disadvantage for this system is that it requires keeping larger amounts of cash around the house, which may cause a security problem.

Whatever method you use to track your spending, it will take two to three months of records to come up with a projected spending plan. On Chart 3: Spending Plan Worksheet, list your current expenditures in the current monthly column.

Review the Plan

Now fill out the summary on the last page. Do your current expenses match your projected income? If not, it's time to adjust your spending, find new sources of income or both. If you have problems balancing your income and expenses, you may find it useful to talk to a financial counselor. Look in your local yellow pages under “credit and debt counseling” or contact your local extension office for services available in your area.

Any spending plan will need to be revised and restructured as your family's needs change. By regularly reviewing your family budget, you'll be able to compare actual amounts with the planned amounts. The more frequently you make such checks, the better your progress will be in reaching short-term and long-term goals.

Additional Resources Available

The following resources are available from your local office of the NDSU Extension Service to assist in your family money management:

FE-222a **Financial Term Guide** will help you understand various financial terms.

www.ext.nodak.edu/extpubs/fammgmt.htm

FE-222b **Spending Forecast** can help you look at all your regular and irregular expenses on an annual basis.

www.ext.nodak.edu/extpubs/fammgmt.htm

FE-222c **Family Balance Sheet** can help you take an overall look at your family's assets and liabilities. This sheet should be filled out on an annual basis.

www.ext.nodak.edu/extpubs/fammgmt.htm

Chart 1: Goal Setting Worksheet

Short-term goals — up to 12 months

1. _____ \$_____ The total of short-term goals = _____
2. _____ \$_____
3. _____ \$_____ Divide by number of months = \$_____ required per month
4. _____ \$_____
5. _____ \$_____ Short-term goals = \$_____ per month

Medium-term goals — 1-5 years

1. _____ \$_____ The total of medium-term goals = _____
2. _____ \$_____
3. _____ \$_____ Divide by number of months = \$_____ required per month
4. _____ \$_____
5. _____ \$_____ Medium-term goals = \$_____ per month

Long-term goals — more than 5 years

1. _____ \$_____ The total of long-term goals = _____
2. _____ \$_____
3. _____ \$_____ Divide by number of months = \$_____ required per month
4. _____ \$_____
5. _____ \$_____ Long-term goals = \$_____ per month

Long, medium and short TOTALS = \$_____ (into savings account)

Chart 2: Income Forecast

Income Sources	Annual Income	Monthly Income <i>(Divide annual by 12 months)</i>
Earner #1 (take home pay)	\$ _____	\$ _____
Earner #2 (take home pay)	\$ _____	\$ _____
Family living from the farm	\$ _____	\$ _____
Interest	\$ _____	\$ _____
Dividends	\$ _____	\$ _____
Annuities/pension	\$ _____	\$ _____
Rent	\$ _____	\$ _____
Other (list) _____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
Totals	\$ _____	\$ _____

* Include only reliable sources

Chart 3: Spending Plan Worksheet

Your budget is a 12-month projected budget. There will be items you will estimate. Total yearly expenses should be divided by 12, which gives the monthly average.

	Current Monthly	Adjusted Monthly
Living Expenses		
HOUSING		
Rent/mortgage	_____	_____
Second mortgage	_____	_____
Electricity	_____	_____
Heating/fuel oil	_____	_____
Water, garbage or lot rent	_____	_____
Telephone/cell phone	_____	_____
Property tax	_____	_____
Home maintenance/repair	_____	_____
Computer service	_____	_____
Other _____	_____	_____
FOOD/PERSONAL		
Groceries	_____	_____
Milk delivery bill	_____	_____
Student hot lunches	_____	_____
Toiletries/diapers, etc.	_____	_____
Cigarettes/tobacco	_____	_____
Barber/beauty shop	_____	_____
Other _____	_____	_____
SUPPORT/ALLOWANCE/DEPENDENT CARE		
Child support/alimony	_____	_____
Childcare/ elder care	_____	_____
Children's allowance	_____	_____
Other _____	_____	_____
CAR EXPENSE		
Car payment/lease	_____	_____
Gas and oil	_____	_____
Repairs, tires, etc.	_____	_____
Licenses	_____	_____
Parking	_____	_____
Other _____	_____	_____
INSURANCE		
Health	_____	_____
Car	_____	_____
Home owner's/rental	_____	_____
Disability	_____	_____
Other _____	_____	_____

	Current Monthly	Adjusted Monthly
MEDICAL		
Doctor (expenses not covered by insurance)	_____	_____
Dentist (expenses not covered by insurance)	_____	_____
Eye Care (expenses not covered by insurance)	_____	_____
Medications (expenses not covered by insurance)	_____	_____
Other _____	_____	_____
CLOTHING		
Family clothing	_____	_____
Cleaners	_____	_____
Laundry (coin operated)	_____	_____
Other _____	_____	_____
EDUCATION		
Student loans	_____	_____
Tuition (school/college)	_____	_____
School activity, sports pictures	_____	_____
Lessons	_____	_____
Subscriptions (book, magazines, paper)	_____	_____
Other _____	_____	_____
DONATIONS/GIFTS		
Church donations	_____	_____
Miscellaneous donations	_____	_____
Christmas gifts	_____	_____
Birthday gifts	_____	_____
Miscellaneous gifts	_____	_____
Other _____	_____	_____
PET CARE		
Pet care — Food	_____	_____
Pet care — Medical	_____	_____
Other _____	_____	_____
ENTERTAINMENT		
Lunches/snacks at work	_____	_____
Other meals out (dinner, etc.)	_____	_____
Beverages (liquor, wine, etc.)	_____	_____
Pull tabs, blackjack, bingo, etc.	_____	_____
Movies, plays, VCR, DVD	_____	_____
Sports (bowling, fishing, etc.)	_____	_____
Babysitting	_____	_____
Clubs-sports (annual fees)	_____	_____
Vacations	_____	_____
Cable TV	_____	_____
Hobbies and crafts	_____	_____
Other _____	_____	_____

	Current Monthly	Adjusted Monthly
SELF-EMPLOYED		
Social Security	_____	_____
Federal, state and other tax	_____	_____
Other (business overhead, union dues) _____	_____	_____
MISCELLANEOUS		
Uniforms, footwear, tools	_____	_____
Rental agreements (TV, dryer, etc.)	_____	_____
Bank service charge	_____	_____
Ready reserve	_____	_____
Tax preparation	_____	_____
Computer costs	_____	_____
Other _____	_____	_____
GOALS AND SAVINGS GOALS		
Short-term _____	_____	_____
Medium-term _____	_____	_____
Long-term _____	_____	_____
EMERGENCY SAVINGS		
Other _____	_____	_____
TOTALS	_____	_____

Debt Repayment

Creditor Name	Current Balance	Minimum Payment	Current Payment	Adjusted Payment
TOTAL				

Summary

NET MONTHLY INCOME (from chart 2)

	Monthly	Annual
A. Earner #1	\$ _____	\$ _____
B. Earner #2	\$ _____	\$ _____
C. Other sources	\$ _____	\$ _____
D. Other sources	\$ _____	\$ _____
Total Annual Income		\$ _____

EXPENSES

	Monthly	Annual
H. Living expenses	\$ _____	\$ _____
I. Goals and savings	\$ _____	\$ _____
J. Debt repayment	\$ _____	\$ _____
Total Expenses Income		\$ _____

INCOME \$ _____ - EXPENSE \$ _____ = CASH FLOW \$ _____

For more information on this and other topics, see: www.ag.ndsu.nodak.edu

