

Managing Between Jobs

Strategies for Spending Less

If your income is suddenly reduced either temporarily or long-term, act quickly to stop all excess spending.

Studies have found that many families do not adjust their lifestyle to cut spending until 6 months after their income drops. A 6 months wait can mean disaster.

It is important to take charge of your financial situation as soon as possible. Taking charge enables you to care for yourself and your family in the most efficient way. Following basic money management guidelines can reduce stress and help you adjust to a new way to spend money.

Getting started

1. **List your most important expenses.** This will include housing, utilities, food and debts. These are things you have to do.
2. **Make a spending plan.** Write down your income and then determining what you will spend for fixed expenses (rent, loan/debt payments, utilities) as well as flexible or variable expenses (food, clothing, medical, personal, entertainment). It is helpful to develop a weekly plan to help you manage with less and not over-spend.
3. **Stick to your spending plan.** When there is less money available, every spending decision is critical. Keep track of your spending to be sure you are staying on track.
4. **Fixed expenses are a high priority,** for most people. Make sure to stay current on rent/mortgage, car payments and other debt obligations. It may be easier to cut back on your flexible or variable expenses.
5. **Family communication:** Enlist the help of your family and work together to reduce spending.

As you work out strategies to cut spending on goods and services.

- What can you trade or share with others?
- 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 cut spending—There are many ways to cut expenses. Look through this list and find the techniques that you are willing to try. You may also think of other ways that would cut your expenses.

Food

Utilities

Household

Transportation

Medical

Clothing

Education & Recreation

Banking & Credit

Bartering

FOOD

- Plan your meals in advance. Make a list of foods and snacks you'll need for a week and shop from a list.
- Limit the number of times you go food shopping. The fewer times you shop, the less you will spend.
- Eat before you go shopping. We all tend to buy more when we're hungry!

- Shop alone if possible.
- Use leftovers to get two meals from one.
- Take advantage of weekly specials and other good buys.
- Consider food cooperatives or community gardens for part of your food.
- Check to see if you qualify for food stamps, WIC (Women, Infants, & Children), or if your children are eligible for free or reduced lunch at their school.
- Eat out less often. Take your lunch/snacks to work.

Utilities

- Contact your utility company to discuss payment options and/or to conduct an energy audit of home.
- Make your heater/air conditioner work as little as possible. Turn the thermostat to 65 degrees in winter and 78 degrees during warm weather.
- Choose energy saving lights when you need new ones (Compact Fluorescent bulbs).
- Use hot water wisely. Keep water heater set at 120.
- Consider cutting long distance service on home phone or eliminate land lines.
- Use fewer optional custom features (call waiting, caller ID, texting, data transfer, etc.)
- Choose basic phone and cable services (or eliminate)

Household

- Make simple household repairs yourself. Consult the library or internet for free instructions.
- Care for what you have. Simple maintenance can prevent costly problems.

Transportation

- Take advantage of free or economic public transportation.
- Combine errands to avoid unnecessary travel.
- Try carpooling, walking or biking places.
- Keep your automobile tires properly inflated
- Do regular maintenance on autos, such as oil changes.
- Review insurance policies. Could you increase your deductible? (*Don't forget to have the deductible cost in a savings account!*)

Medical

- Practice good health.
- Use generic or over the counter medicines if needed.
- Review health insurance coverage.
- If you have no insurance, see if you qualify for public assistance programs.

Clothing

- Only buy what is needed.
- Repair and store clothing properly to prevent damage.
- Compare price and quality when shopping
- Sell clothes you don't need or donate to charity.
- Watch for sales and specials.

- Check consignment and thrift stores, especially for children’s clothing.

Education and Recreation

- Take advantage of free activities in your area.
- Use the public library or other free/low cost resources.

Banking/Credit

Use a free or lower cost checking account.

Select credit card with the lowest interest rate and fees.

Choose savings products that pay interest.

Trade, Swap or Barter

Another way to spend less is to trade or “barter” goods and services. With dwindling paychecks and bills stacking up, you need to consider all your assets and resources. This includes time, knowledge, experience, possessions, personal property, and creativity. “Bartering” (exchanging assets and resources with others) is a time tested way to stay in control when money is tight. These exchanges can increase your cash flow and buying power, stretch your budget and conserve reserves. This may work well with neighbors, friends, and family. However, you can find people to barter with on various websites such as Craigslist, facebook, Myspace, and others. Be sure you are comfortable with anyone you meet on such sites before exchanging personal information such as address or phone number.

Set up a trade or barter agreement:

- Who will supply materials
- Clearly state expectations (deadlines, quality of work, times, etc.)
- Put the details in writing.

Summary 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.

References: University of Wisconsin Extension, “Managing Between Jobs: Strategies for Spending Less” and “Managing Between Jobs: Bartering.”

Consumer Federation of America: “66 Ways to Save Money.”

Managing in Tough Times

<http://eXtension.org>

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?

Trade or Barter

Examples

Mowing neighbor’s lawn, in exchange for use of computer.

Care for brother’s children, in exchange for use of his printer.

Build deck for cousin, in exchange for piano lessons for child.