



# STUDENT ADVOCATES FOR FINANCIAL EDUCATION

## SPENDING PLAN SYSTEMS

A **spending plan** is a future oriented tool people can use to assist in money management. A spending plan has two main components – income and expenses. The income and expenses are estimated guidelines for monetary transactions for the specified time period. After the time period is over, the spending plan is evaluated and revised for the next time period. It is different from income and expense statements because it acts as estimates for the month, whereas the income and expense statement shows the actual transactions for a specified time period.

A **spending plan is important because it:**

- Can show where money is going;
- Allows for income and expenditure tracking;
- Helps a person to meet financial goals;
- Helps people to live within their income and make ends meet;
- Reduces the need for using credit and gaining debt.

### TYPES OF SPENDING PLANS

#### The Envelope System

1. Create an envelope for each category of spending (food, housing, entertainment, clothing, gas, etc.).
2. Put your allocated amount of money into the envelope for each category of spending.
3. Write the amount allocated for each category at the top of the envelope. This may be done in pencil so you can reuse the envelope each month.
4. As you purchase monthly items, write on the envelope how much you spend from that category.
5. Once the money is gone out of each envelope, it is gone for the rest of the month. If necessary and you are able to, you may replenish an empty envelope with money from another category.
6. **Caution!** If you need to use money in a category to send a bill, do not send cash. Also, be sure to safeguard envelopes against theft.

#### The Check Register System

1. Create columns in a check register you can get at your bank. Label each column for each category of spending (food, housing, entertainment, clothing, gas, etc.).
2. Under each category, put the amount of money you have designated for that specific category for the month.
3. As you purchase monthly items, write the amount you spend in the corresponding category and subtract it from the last number written in that column.

#### The Calendar System

1. Place a pocket calendar in a central location of your home.
2. Mark on the calendar when a new bill is due or needs to be mailed.
3. Place bill stubs or pay envelopes in the pocket of the calendar until they are due or need to be paid.
4. Look at the calendar daily as a reminder of when your bills are due.

## Spending Plan

Name:		Dates:	
Spending plan goal:			
<b>INCOME</b>			
<i>Item</i>	<i>Planned</i>	<i>Actual</i>	<i>Difference</i>
Wages or salary (before withholding)			
Commission/tips/bonuses			
From savings			
Scholarships/grants			
Government loan/financial aid			
Loan from parents/relatives			
Other			
<i>Total Income</i>	\$	\$	\$
<b>EXPENSES</b>			
<i>Fixed Expenses</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Difference</i>
Savings/investments			
Federal income taxes			
State income taxes			
Social security taxes			
City income taxes			
Housing (rent/mortgage)			
Automobile loan payments			
Student loan payments			
Tuition			
Homeowners/Renters insurance			
Medical insurance			
Automobile insurance and registration			
Other			
<i>Total Fixed Expenses</i>	\$	\$	\$
<i>Flexible Expenses</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Difference</i>
Food (groceries)			
Eating out or snacks/entertainment or hobbies			
Telephone / Cell Phone			
Utilities (gas, electricity, water, garbage)			
Gasoline			
Car repairs/maintenance			
Medical/dental/optical (not covered by insurance)			
Credit card payment (s)			
Child care/other dependent care			
Laundry			
Personal care			
Clothing/accessories			
Education/books, magazines, newspapers, etc.			
Television			
Internet			
Gifts			
Other			
<i>Total Flexible Expenses</i>	\$	\$	\$
<i>Total Expenses</i>	\$	\$	\$
<b>TOTAL (Income - Total Expenses)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>