

# Marriage and Money

## ▼ Issue Three

**Balancing Income  
and Expenses**

**Budget Basics**

**Monthly Spending  
Plan**

**Schedule of  
Non-monthly  
Expenses**

**If you received a gift of \$5,000, what would you do with it?**  
Pay bills? Put it in a savings account? Buy clothes? Make a down payment on a car? Buy a big screen TV? Would you and your spouse agree on how to spend the money?

In the first newsletter, you learned about the role of values and goal setting in money management. Values guide decisions about how you spend money, and goals provide a basis for making choices in how resources are used. But these two things alone are not enough to keep your urge to spend under control. A spending plan is essential to keep track of where all your money is going. It's a simple process that keeps expenses in line with income.

Think of a spending plan as a road map that gives you direction and helps you to see when you're headed in the wrong direction financially.

The information in this month's newsletter will help you to establish your own spending plan. When you do receive extra money from gifts, overtime pay, or some other unexpected source, you can use your plan to quickly see where the money can be put to the best use.

**NDSU**  
**Extension Service**

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# Budget Basics

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Contact your local office of the NDSU Extension Service and ask for these helpful publications or find them online at [www.ext.nodak.edu/extpubs/fammgmt.htm](http://www.ext.nodak.edu/extpubs/fammgmt.htm).

HE-258

Taking Charge of Family Finances: Saving and Investing Today . . . For Tomorrow

HE-440

Taking Charge of Family Finances: How Much Should We Spend?

HE-452

Taking Charge of Family Finances: Managing Farm Family Finances

HE-470

Taking Charge of Family Finances: Using a Check Register to Track Your Expenses

HE-510

Taking Charge of Family Finances: Family Account Book (\$2.00)

FE-222

Family Money Manager

Use these words to complete the statement and increase your knowledge about spending plans.

goals            values            business            written  
expenses        income            debt



1. Running a household is like running a small \_\_\_\_\_.  
In order to stay out of the red, it is necessary to keep accurate records of income and expenses. Couples who develop and follow a spending plan are more likely to operate their household in a business like manner.
2. A spending plan is a tool for achieving long-range \_\_\_\_\_. Immediate goals can be covered from paycheck to paycheck; however, in order to achieve future goals, a couple must have a plan to save a certain percentage of their monthly income.
3. A spending plan helps couples to live within their \_\_\_\_\_. There are families who seem to have a knack for making ends meet. The difference is not the amount of money they have, but the fact that they have learned to manage their resources. These families have learned the value of planning and record-keeping. They follow spending plans.
4. One of the best ways to stay on track with a spending plan is to stay out of \_\_\_\_\_.
5. There are two major parts of a spending plan – income and \_\_\_\_\_.
6. Before developing a spending plan, it is a good idea to keep a \_\_\_\_\_ record of your income and expenses for two or three months. This helps you to establish a more realistic and accurate plan that you are able to stick with.
7. The way you decide to spend your money depends upon your \_\_\_\_\_.  
Before making a spending plan, talk with your spouse about your needs and the things that are most important to you. If both of you take part in making the spending plan, you will feel better about it and work harder to make it a success.

# Monthly Spending Plan

<b>GROSS INCOME</b>	\$ _____
Minus taxes and other deductions	_____
<b>NET INCOME</b>	\$ _____
<b>ESTIMATED EXPENSES</b>	
Emergency fund/savings	_____
Savings for non-monthly expenses ( <i>see next page</i> )	_____
Housing	_____
Food at home	_____
Food away from home	_____
Clothing	_____
Clothing care	_____
Life insurance*	_____
Car payment(s)	_____
Gasoline	_____
Utilities (gas, water, electricity)	_____
Cable TV	_____
Telephone	_____
Home furnishings/appliances	_____
Credit card payment(s)	_____
Other loans	_____
Personal care	_____
Health care (doctor, dentist, medicine)	_____
Household supplies	_____
Recreation (entertainment)	_____
Donations (church, charities)	_____
Miscellaneous (pets, hobbies, club dues, subscriptions)	_____
<b>TOTAL EXPENSES</b>	\$ _____
<b>DIFFERENCES BETWEEN INCOME and EXPENSES</b>	\$ _____

\* Do not include if payroll deducted.

The first step in making a spending plan is to figure your income and estimate your expenses. If you keep a written record of what you actually spend for a month or two, your estimated expenses will be more realistic.

Treating savings as a monthly "expense" can help you reach your financial goals.



Use the form to the left to record income and expenses. Finally, subtract your total expenses from your net income. If the result is negative, look for ways to cut back. Your goal is to balance your income with your expenses.

# Schedule Non-monthly Expenses

Most spending plans are based upon **monthly** income and expenses. Some expenses, however, do not occur monthly but rather periodically throughout the year. When a major **non-monthly** expense such as car insurance comes due, it may be difficult to pay the entire amount out of one month's income. Planning ahead for major expenses eliminates this problem. Use the form below to help you calculate how much to set aside each month so you can pay major bills when they come due. In other words, break large payments down into monthly payments to prevent your budget from being blown! An example is shown.

## Example

Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Cost	Average Monthly Amount
Car service/tires				35					35		300	35	405	33.75
Taxes – household													2400	200.00
Auto insurance		300						300					600	50.00
<b>Total amounts</b>		300						300	35		300	35	3405	<b>283.75</b>

↑  
Set aside each month

Item	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Cost	Average Monthly Amount
<b>Total amounts</b>														

↑  
Set aside each month

## NEXT MONTH: Making Saving a Habit

Adapted with permission from University of Arkansas Division of Agriculture Cooperative Extension Service.

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