



Extension News Column

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Last week we talked about where our money goes. This week, we'll be talking about how to use the information for your money makeover. We are talking about how to make a budget. If you are one of those people who think of budget as a dirty word, just remember that it is vital for keeping your financial house in order. And if the word budget makes you think you won't be able to spend money as you would like, consider it a spending plan. The end result is that it will tell you where your money is coming from, how much is there, and where it is going.

To make a spending plan, you'll need to know the amount of income from all sources, what you are spending now, and how you want to change your spending.

What are your sources of income? Make a list of all income and when it comes in. If you are self employed or have other sources of income write those down. If you get a regular paycheck, tally the take home pay, not the total income. Think about how much actual spendable money you have.

Go back to the information you gathered from last week's column on how you are spending your money. Create a list of monthly expenses, then break down the money into fixed expenses or variable expenses. Fixed expenses are those that stay just about the same each month such as mortgage or rent, car payments, cable or internet, and student loans. Variable expenses are those that change from month to month such as groceries, gasoline, and entertainment.

Total your income and total your expenses. If the expenses are less than the income, you are off to a good start. If the income is less than the expenses, now is the time to make some changes.

The planning part of this project is easy. Making it work is the challenge. Now that the spending plan is ready, see if it is workable. Check it each month and see if your estimates are reasonable.

Now as we start the new year, there may be some subjects that you particularly want me to talk about in this column. If you have questions or suggestions, drop me an email at fnrrd@uaf.edu, or call me at 474-2426.