

GUIDANCE AND
ASSISTANCE FOR
MAINTAINING A
HEALTHY FAMILY
BUDGET



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What to Remember When Budgeting

- A budget will help you to pay your bills and to save money in order to meet your personal goals. It should not be meant to penalize you or your family or to put you or your family at a disadvantage in any way.
- Budgeting is simpler when a home record keeping system such as the table within this packet is kept
- Your budget plan should be decided on together as a family and the maintenance of your budget should be the job of each and every member of your family.
- It is essential that you and your family live within your budget or adjust it if it is too difficult to follow.
- It is important to review and revise your budget every six months or so. Changes in income such as a pay raise or changes in bills such as a rent increase will require you to adjust your budget.
- An emergency fund will help you to maintain your budget even when the unexpected occurs.
- Distinguish between wants and needs and include only necessary items in your budget. Only purchase wanted items if your monthly savings allow you to so do. Even then, be cautious about what you're spending the family money on.

Source: State Employees Credit Union <<http://www.secu.org/>> 2005

Common Financial Mistakes

- Not keeping adequate financial records
- Not developing and maintaining a budget
- Not setting financial goals
- Not establishing a savings plan
- Not making out a will
- Not having insurance protection such as life, health, disability, property, homeowner's, and automobile insurance
- Not educating yourself financially
- Doing your own taxes when you're not prepared or do not have the knowledge and experience to do so
- Not taking advantage of professional advice
- Going too far into debt

Source: State Employees Credit Union <<http://www.secu.org/>> 2005

How to Save Money

Finances

Explore the monthly fees and interest rates of some of your current expenses. It may be possible for you to be earning higher interest than you are now earning. It may also be possible for you to be paying lower monthly fees than you are now paying. Find the most beneficial rates and fees for your family. Get rid of your high interest credit cards and be cautious about using credit every month. Instead of paying a great deal of interest each month, you could be saving this money toward your family goals. While finding the best insurance rates on your home and automobiles is important, you should also either request a high deductible or raise your deductible. You could also improve your home security such as with alarms.

Housing

If you are a homeowner, take a look at your mortgage rate and then look into other mortgage rates available to you. There may be lower rates out there that you could be paying instead of the one you are currently paying. Make sure you have the most advantageous rate. Again, if you are a homeowner, repairs and improvements on your home can add up. Comparing the costs of different businesses or companies is important here.

Automobiles

According to your family's needs as well as resources, think about downsizing your family automobiles from two to one or from a larger, more costly car to a smaller and inexpensive one. You could save money in both monthly payments and maintenance. Find the best deal on automobile maintenance and repairs. Your family may benefit from an extended warranty.

Utilities

Determine if you need a long distance carrier. If your family decides that you do, compare rates of several companies and sign up with the one with the best rate. Cable and satellite television are not necessary expenses. Think about canceling your cable or satellite television.

Inquire at Southern NH Services to see if you are eligible for the NH Electric Assistance or Fuel Assistance program. If you do not meet the eligibility guidelines you can contact your fuel provider to make arrangement for a monthly payment plan. You can save on fuel cost by turning down the heat during the day, or closing off unused rooms in your home during the winter months. Use weather stripping to seal air leaks on windows and doors. Cover electrical outlets with child proof protectors. Remove wall or window air conditioning units. TV's, VCR's, DVD's and Computer often use energy for the internal batteries when turned off, use power strips to turn on and off these units.

Groceries

Shop at the least-costly stores, stock up on items when they are on sale, buy generic store brands, use coupons, buy in bulk, and have your meals at home rather than at restaurants.

Clothing

Do not buy expensive clothing items, buy next season's clothes while they are on sale this season, buy separate but coordinating items of clothing, and do not buy trendy clothes that will go out of style shortly.

Source: Our Family Place <<http://www.ourfamilyplace.com/>> 2005 02/20

Advantages and Disadvantages of Credit

Advantages

- Using credit is usually more convenient and safer than using cash.
- Using credit wisely will provide you with a good credit report.
- You and your family will be able to use items and services without paying the full cost up front when you use credit.
- Payment delay with credit will allow you to put your family's income toward other necessary expenses.

Disadvantages

- The convenience and availability of credit could lead you and your family to be less cautious when purchasing and to overspend.
- Using credit unwisely will result in bad credit.
- You will incur extra costs, finance and interest rates, when using credit.
- Payment delay likely means that your family income may be expended in the months ahead and your budget may not allow for this.
- If your family is unable to make your credit payments, repossession is possible. If this occurs, you will lose the money you had already paid.

Source: University of Missouri Extension <<http://www.muextension.Missouri.edu/>> 2005

Situations Where Credit May be Useful

Emergencies

If your family faces unemployment, medical bills, and/or accidents, using credit could be useful until you become stable again.

Sales or Specials

Taking advantage of sale prices of necessary items could help you and your family to save money. If you do not have the cash available, credit is okay.

Payment Delay

Some more costly items such as appliances and furniture can be bought on credit which may allow you to delay payment for a certain amount of time. If you can take advantage of this, make sure you will be able to have the money when the bills do start coming in.

Inflation

You can avoid inflation rates and rapidly rising costs by buying on credit. If you use credit to escape inflation rates, make sure your credit interest rates are lower than the inflation rates.

Source: University of Missouri Extension <<http://extension.missouri.edu/>> 2005

Questions to Ask Yourself Before Using Credit

- Is this expense necessary right now? Is it a priority?
- How much will you need to pay each month?
- How will you make the payments?
- Is the expense worth the finance and interest rates?
- What will you and your family have to give up in order to pay for the expense?
- Will you and your family still be able to maintain your budget while making monthly credit payments?

Source: University of Missouri Extension <<http://www.extension.Missouri.edu/>> 2005

Credit Management

It is essential to look carefully at your family's income, savings, expenses, and goals before buying on credit and to consider the effect using credit will have on your budget in the coming months. Think about how a portion of your monthly income will have to be put towards paying off your credit debt. Also, think about how you could use the money you would have used for purchases if you didn't buy on credit. And then think about your goals and if you will still be able to reach them while paying off your debt each month.

The total amount of debt your family will be able to manage from month to month is determined by your family's total monthly income as well as any other monthly expenses and financial obligations. You need to decide if you can make credit payments while continuing to pay your utility bills and buy groceries for the family on your income. As a general rule, do not borrow more than twenty percent of your annual income after taxes. Also, your monthly payments should not go over ten percent of your monthly income after taxes.

Necessary and costly items such as automobiles, appliances, and furniture are typically bought using credit. Everyday items such as groceries, clothing, and other expenses generally should not be paid for with credit. Put your monthly income toward these expenses. When buying on credit, make as large a down payment as possible and make the largest monthly payments as possible.

Source: University of Missouri Extension <<http://www.extension.Missouri.edu/>> 2005

Signs That Your Debt is Becoming a Problem

- Your debt has begun making you feel uncomfortable.
- You have not been able to keep a savings fund and/or an emergency fund.
- You have been using credit cards to pay for even small everyday expenses.
- You have only been able to pay the minimum amount due each month.
- You have been receiving past due notices with your bills.
- In order to pay one bill, you have had to put off paying another.
- You have been using your savings to pay monthly bills.
- You have come to rely on a second job or overtime in order to pay your bills.
- You have had to take out another loan in order to pay your bills.
- You have been using the cash advance option to pay your bills.

Source: University of Missouri Extension <<http://www.extension.Missouri.edu/>> 2005

Further Information on Family Budgeting

The Economic Policy Institute, research and ideas for working people, presents a personalized budget calculator for your family on the online website, epinet.org. Enter “basic family budget calculator” into the search text area on the website, click on go, and then double click on the first match.

A message board on the online website, epinions.com, contains advice from other families on how to budget and save. Enter “family budget” into the search for area, click go, and then double click on “how to manage a family budget” under the heading of “kids & family”.

More Extensive Financial Assistance for Families

Consumer Credit Counseling Service is a non-profit agency within the Division of Management International that offers free budget counseling in person, over the phone, or online. It is located at 105 Loudon Rd. Concord, NH 03301. You can reach representatives at 1-800-327-6778 or 1-603-224-6593 or visit the website

online at cccsnh-vt.org.

Nashua Pastoral Care Center offers various services including crisis advocacy and research education, transitional housing, food assistance, prevention and intervention of homelessness, Holiday/Santa fund, and greater Nashua dental connection. It is located at 7 Concord St. Nashua, NH 03064. Call 1-603-886-2866 or visit the website online at nashuanpcc.org for more information.