Control Spending

When your family faces reduced income, take immediate action to stop all excess spending. Whether your situation is temporary or extended, you need to get the most for your money.

Studies have found that many families do not adjust their lifestyle for about six months after their income is reduced. Those six months of ignoring the situation can bring disaster. When you take charge of your financial situation immediately, you are making a positive contribution to your family’s well-being now and in the future.

Following basic money management principles can reduce stress and help you adjust to living on less income. Here is a list of research-tested principles:

- Make a list of the family’s most important expenses while you have less income. (This means things you must have or do.)
- Make a family spending plan to determine where your money will go. Refer to the fact sheet in this series, Setting Spending Priorities, to develop a family budget you can use to cope with your income situation.
- Decide where you will spend your money. Stick to your spending plan. With less income, each spending decision is critical.

Most people give high priority to fixed expenses such as rent or mortgage payments, insurance premiums, car payments and installment debt. Flexible expenses such as food, utilities, clothing and household expenses can be more easily adjusted to fit your income. Most people find it easier to cut back on flexible expenses.

All family members need to work together to reduce spending. When everyone pulls together, you are more likely to succeed in living on less.

Together, the family should go through the list under each of the flexible expense categories. Check the ideas you think would help your family to reduce spending. Add your family’s ideas to each list.

As you go through the list, ask, “How can we reduce spending?”

- Can we substitute a less costly item?
- How can we conserve resources and avoid waste?
- Are there opportunities to cooperate with others by trading or sharing resources?
- Can we save if we do it ourselves?
- Can we do without?

Food

- Plan meals around foods you have on hand until more money is available.
- Plan meals and snacks a week ahead of time. Make a list of what you need to buy; estimate the cost to know if you have enough money to last the week. The USDA web site www.usda.gov can provide updated information on spending guides for thrifty food plans. Once you get to the site, search for “USDA food plans”. See the fact sheet in this series, Stretching Your Food Dollar, for more information.
- Shop from a list based on planned menus. Check the food advertisements for good buys. Clipping and using coupons may save money.
● Go shopping as few times as possible. Frequent trips can add to family food costs because it is easy to buy extra items each time. Shop alone, if possible. It is hard to say “no” to your children’s favorite foods when they are along. Shop after you have eaten. Everything looks good when you are hungry, so it’s hard to stick to your list. And shopping in a hurry may cause you to overlook the best buys.

● Use low-cost protein foods such as dry beans, eggs, peanut butter, turkey and chicken. Larger cuts of meat, that cost less per pound, can be cut up and used in different ways for more than one meal. Stretch meats by using them in sauces or casseroles. Use slow cooking and/or marinating to tenderize less expensive cuts of meat.

● Consider using reconstituted nonfat dry milk for cooking instead of fluid milk. Dry milk is equally nutritious, and can be less expensive.

● Turn leftovers into “planned-overs.” You can sometimes get two meals for the price of one. Store cooked foods properly to make them last longer. Freeze them if you have the space.

● Select energy efficient lighting and fixtures when replacements are made. Use compact fluorescent light (CFL) and light emitting diodes (LED) wherever possible.

● Turn off lights when not in use.

● Close doors to unused rooms and shut off heat/air conditioning to those areas.

● Hang clothes to dry instead of using a clothes dryer.

● Take shorter showers or turn water off while shaving and lathering up body.

● You may want to consider alternative service plans, such as off-peak heating, that lower your energy use.

● Give up landline or mobile phone, or cable connections that increase your monthly bill.

● Learn to do simple home repairs such as replacing washers in faucets and repairing damaged electric cords, torn window screens or broken windowpanes.

Transportation and Upkeep

● Carefully plan the use of your car to reduce the amount of driving. If you own more than one vehicle, and it is reasonable to do so, sell one and combine its use with that of the remaining vehicle(s). Selling one vehicle will also reduce insurance costs, and you will receive a rebate check for the prorated unused portion of the current insurance policy.

● Car-pool or use public transportation when possible.

● Do your own vehicle maintenance if you have the skills and tools.

● Walk or ride a bicycle instead of using a car for short trips.

● Evaluate automobile insurance policies to make sure you are adequately covered. You may be able to reduce your premiums by increasing your deductibles on collision and comprehensive coverage.

● If your employment is seasonal, arrange with your agent to have insurance bills due when you are working.

Utilities and Household Maintenance

● Maintain your furnace by regular cleaning and changing of furnace filters.

● Find and fix air leaks around windows, doors, foundation, electrical outlets, exhaust fans and attic openings.

● Install storm windows and doors, or put up plastic sheeting to reduce heat loss.

● Insulate ceilings, exterior walls, under floors, heat ducts and hot water pipes. You may qualify for programs that insulate your home. Check the fact sheet Community Agencies That Can Help for information.
Medical Expenses

- Maintain good health habits. Good nutrition can cut down on illness and tooth decay.
- Learn the symptoms of common diseases in order to determine when seeing a doctor is advisable. Early treatment of many diseases or injuries is often least expensive. Consider taking classes on first aid or baby care offered by community agencies.
- If you have medical insurance be sure to use the plans’ providers. If you do not have insurance and it is not an emergency, ask for a fee schedule. Use urgent care clinics rather than the emergency room, if they are available. Talk with the clinic business office to set up an installment payment plan. Check the fact sheet in this series, *Talking with Creditors*, for more information.
- Take advantage of public clinics and immunizations often available during local health fairs or through a Public Health Department.
- If you do not have health insurance, see if you qualify for Medical Assistance. See the fact sheet in this series, *Meeting Your Insurance Needs*, or the Minnesota Department of Human Services website (www.dhs.state.mn.us/healthcare) for more information on health care programs.
- If a hospital stay is necessary, use a semi-private room. Check the hospital statement to make sure the services charged were the ones received.
- Ask your doctor to prescribe and your pharmacist to fill prescriptions with generic drugs. Avoid excessive use of over-the-counter drugs.
- MinnesotaCare and General Assistance Medical Care are two state programs that may help with your medical costs if you qualify. More information can be found at: www.dhs.state.mn.us/healthcare

Clothing and Personal Care

- Take an inventory of each family member’s wardrobe to determine which items must be replaced or added. Repair and/or alter present clothing and swap items of clothing with other family members or friends. Try to develop the attitude in your children that “handed down” clothing is not only economical and less wasteful, but can also be enjoyable.
- Mend clothing promptly. Resole and polish shoes instead of buying new shoes.
- Have children change to older, worn clothing for play.
- Compare price and quality of clothing you buy. Shop discount stores, mail-order catalogs, thrift stores, second-hand outlets and garage sales.
- Check size and fit when making purchases. Clothing that does not fit well will not be worn often.
- Buy clothing that is washable and easy to care for. Read the care labels and follow instructions when laundering.
- Carefully coordinate clothing and accessories so that they can be used with several outfits.
- Learn to do your own hair styling, manicure, etc. at home. Cut your children’s hair yourself. Select cosmetics and toiletries that are reasonably priced.

Recreation and Leisure

- Choose activities that are free or low cost such as hiking, picnicking, visiting a museum or attending a free concert. Attend school or community events.
- If you entertain at home, have potluck affairs for family and friends. This way, everyone shares the food costs.
- Rediscover the fun and social outlet provided when you get out board games and puzzles.

Childcare

- Try to arrange your family’s schedule so one parent is available to care for children while the other parent works. If both parents are unemployed, try to alternate childcare responsibilities so each will have an opportunity to look for a job or have some personal time. If only one parent is present in the home, try to share childcare duties with a relative, neighbor or friend.
Form a babysitting co-op with other parents.

Investigate public nursery schools and day care centers. Arrange car pools with other parents for children’s school and extra-curricular activities.

Some job training programs provide childcare. For more information, check Community Agencies That Can Help, another fact sheet in this series.

**Miscellaneous Expenses**

- Carefully consider each gift or donation. Reduce monetary giving and donate services instead. Make gifts instead of buying them, or give services such as babysitting, elder care, house watching or pet care.
- Consider the cost of habits such as gambling, smoking and drinking alcoholic beverages. These habits are expensive and you may want to reduce or eliminate them. You may lower health care costs as well.
- Stop magazine or newspaper subscriptions when it is time to renew them. Use your public library or the Internet to find information you may need from these sources.
- Set a reasonable amount for children’s allowances and have a definite understanding with them about what they cover.

Before buying an item, ask:
- Can we do without it?
- Can we postpone its purchase?
- Can we substitute something that costs less?
- Can we use our skills to make it?
- Do we already own one?

**Helpful Internet Resources**

- America Saves
  Includes information for families on how to save and build wealth. ([www.americasaves.org/](http://www.americasaves.org/))

- Minnesota Department of Human Services
  Provides information on Minnesota health care programs ([www.dhs.state.mn.us/healthcare](http://www.dhs.state.mn.us/healthcare))

- University of Minnesota Extension
  Highlights programs which provide trustworthy financial education for informed financial decisions. ([www.extension.umn.edu/family](http://www.extension.umn.edu/family))

- Rural Minnesota Life
  Provides information for Minnesotan rural families, including the other 16 Getting Through Tough Times fact sheets. ([www.ruralmn.umn.edu](http://www.ruralmn.umn.edu))

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**Getting Through Tough Times: Strategies for Spending Less (GTTT-2)**

*Getting Through Tough Times* is a 17-part series for individuals and families experiencing personal and/or financial crisis. Visit [www.extension.umn.edu/moneyeveryday](http://www.extension.umn.edu/moneyeveryday) for more information on this and other personal resource management materials and trainings.

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