

Managing in Tough Times



LIVING WELL ON A SHOESTRING BUDGET

When the 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. 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 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 following list under each of the flexible expense categories. Check the ideas you think would help your family reduce spending. Add your family's ideas to each list.

As you go through the list, ask how spending can be reduced:

- **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?**

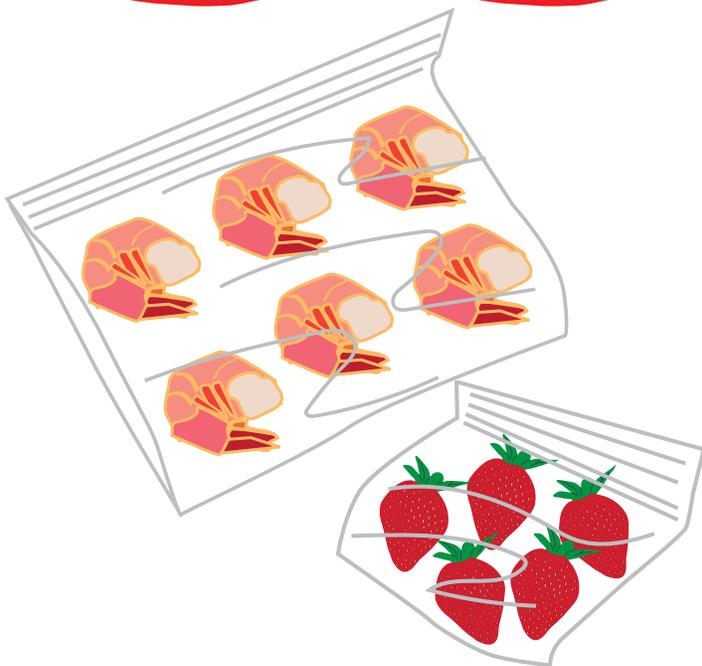
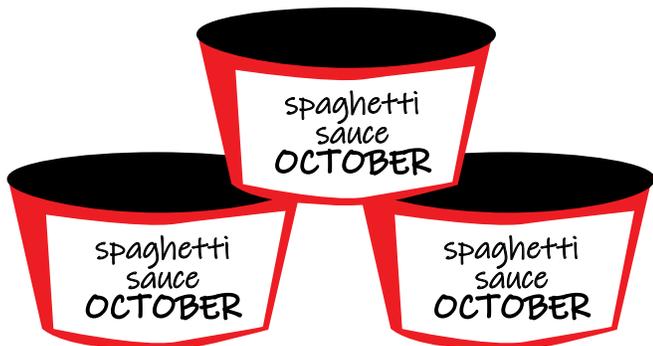


FOOD

- Plan meals around foods you have on hand until more money is available.
- Plan meals and snacks for a week ahead. Make a list of what you need to buy; estimate the cost to know if you have enough money to last the week.
- Shop from a list based on planned menus. Check the food advertisements for good buys. Clipping and using coupons may save money. Use free phone apps that help you earn money back on the items you buy. There are many free apps that can be downloaded to your smart phone that will allow you to get money back on items you purchase at a variety of retail stores.
- Take advantage of seasonal specials. Foods, especially fresh fruits and vegetables, are generally less expensive when in great supply.
- 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.



- Do not go shopping when you are hungry. Everything looks good when you are hungry, so it is hard to stick to your list. Also, 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. Hamburger is often a good buy in red meats. Large roasts 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.
- Use reconstituted nonfat dry milk for cooking instead of whole 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.
- Take advantage of free- or reduced-price school breakfast and lunch programs.
- Where available, use fish and wild game.



UTILITIES AND HOUSEHOLD MAINTENANCE

- Maintain and clean your furnace and filters regularly.
- 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.
- Adjust the thermostat setting by five degrees and compensate for comfort with clothing. Heating and cooling are the most expensive utility costs.
- Insulate ceilings, exterior walls, under floors, heat ducts and hot water pipes. You may qualify for programs that insulate your home. Check with your local utility company for further information.
- Select energy efficient light bulbs and fixtures when replacements are made. Use fluorescent or compact fluorescent bulbs wherever possible. Turn off unused lights.
- Close doors to unused rooms and shut off heat/air conditioning to those areas except when this would cause moisture problems.
- Hang clothes to dry instead of using a clothes dryer.
- Take shorter showers.
- Evaluate your phone usage and phone plans. Do you really need a landline and a cell phone?
- Investigate to find the cheapest phone plans.
- Give up cable or satellite television connections that increase your monthly bill. Check into online streaming services or check out DVDs at no cost at the library.
- 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(s) to reduce the amount of driving. If you own more than one vehicle, and if it is reasonable to do so, sell unneeded car(s).
- Carpool or use public transportation when possible.
- Use ride-sharing services when it makes sense.
- 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.

- If your employment is seasonal, arrange with your agent to have insurance bills due when you are working or have funds drafted from your account on a regular basis.

INSURANCE

- Look for broad policies that insure exactly what you need to insure. Avoid narrowly defined policies.
- Do not buy insurance coverage for risks that you could insure yourself. You could prepare for low-cost risks, such as minor damage to your car, through savings.
- Take the biggest deductible that you can afford. The deductible is the part of the insurance costs that you have to pay.
- Check policies to make certain that you are not paying twice for the same coverage.
- Check out all possible discounts with your insurance representative.



- Pay premiums the least expensive way, which is usually annually, not quarterly or monthly.
- Compare the costs of several different insurance companies before making a choice. Contact the Louisiana Department of Insurance (www.lidi.gov) to obtain a list of typical prices with different licensed companies.
- Learn if you are eligible for a group policy. Group rates are lower than individual rates.
- Check the local library for information about the financial soundness of insurance companies, such as Best's Insurance Reports. You should select a company that has at least an "A" rating.

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.
- Shop around for doctors and dentists whose fees are reasonable. You may find it less expensive to stick with the same doctor or dentist to avoid duplication of tests and records. Your doctor would probably agree to an installment payment plan. Take advantage of public clinics and immunizations often available during local health fairs or at the parish health department.
- Update medical insurance policies to eliminate duplication of payments since most companies pay on a coinsured basis. If you do not have health insurance, see if you qualify for medical assistance programs.
- Check hospital, doctor and dentist statements to make sure the services charged were the ones received.
- Ask your doctor to prescribe and your pharmacist to fill prescriptions with generic drugs. Consider ordering several months of maintenance medication by mail.

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.
- Follow instructions when laundering clothes.
- 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. Check discount stores, mail-order catalogs, thrift stores, secondhand outlets, flea markets and garage sales.
- Check size and fit. Clothing that does not fit well will not be worn often.
- Re-sell your clothing online.
- Buy clothing that is washable and easy to care for. Read the care labels.
- Carefully coordinate clothing and accessories so that they can be used with several outfits.



- Learn to do your own personal grooming, such as hair care and manicures at home. Cut your children's hair yourself. Select cosmetics and toiletries that are reasonably priced.

- Stop magazine or newspaper subscriptions when it is time to renew them. Use your computer or public library instead.
- Set a reasonable amount for children's allowances and have a definite understanding with them about what it covers.

RECREATION AND LEISURE

- Choose activities that are free or cost only a small amount of money such as hiking, picnicking, visiting a museum or attending a free concert. Attend school, church, library or community events.
- If you entertain at home, have potluck affairs for family and friends. This way, everyone shares the food costs.

CHILD CARE

- 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 child care 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 child care responsibilities with a relative, neighbor or friend.
- Form a babysitting co-op with other parents.
- Investigate public nursery schools and day care centers. Arrange carpools with other parents for children's school and extracurricular activities
- Some job training programs provide child care.

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 smoking and drinking alcoholic beverages. These habits are expensive, and you may want to reduce or eliminate them.

SUMMARY

During challenging financial times, it is very important to control spending. Restrict purchases to "needed items" and go without items that are just "wants." Before buying an item, ask yourself the following questions:

- **Do we already own one?**
- **Can we do without it?**
- **Can we postpone its purchase?**
- **Can we substitute something else that costs less?**
- **Can we use our skills to make it?**

REFERENCE

Controlling Spending. www.extension.org

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