

Trimming Expenses When Income Is Tight

Every household has expenses. What expenses you have and how much you spend on them will vary based on your family's needs and wants. Some expenses are fixed, or a set amount that doesn't change from month to month, such as a loan payment or television service subscription. Other expenses are flexible, or might change based on how much you use it or what season it is, such as water, electric, or food.

When income is tight, it can help to reduce expenses. You can look at both fixed and flexible expenses to determine where to trim. It can help to prioritize before starting. Ask yourself which expenses are for things that are most important to your family's health and happiness. Make a list, and those things that don't make the top of the list are possible options to cut back or eliminate.

There are some expenses you likely must keep, such as housing costs, heat, water, and food. But within these expenses there may be ways to save money. You might consider turning down the thermostat or conserving water. You could cut back on restaurants or use meal planning to make economical food choices.

One area where costs can vary widely is communications. Your cellular phone package can cost more if you have multiple lines or unlimited services such as data or text. Take out your phone bill and look closely at the services they are charging you for to determine whether you need all of them. You don't need unlimited text if you only send a few texts per month. Perhaps you can temporarily eliminate one phone line. If you have strong internet at home, you could use wi-fi and reduce data charges. Be aware when changing your phone bill that sometimes there could be a contract in effect. However, it never hurts to ask if your service can be modified. Your carrier may be willing to work with you to make the cost more manageable.

Another area where costs vary is entertainment. You might subscribe to cable, satellite, or streaming services — or a combination of these. It may help to keep track of how much each service is being used in your household. Also, look at what channels or brands are included with each as there may be some overlap. A different combination may provide the channels you like at a lower price. Or you may be able to suspend or cancel some services temporarily. You might be able to get local channels free with a digital antenna if you live near a metropolitan area.

There are many ways to configure your needs for communication and entertainment. Sometimes bundling services such as Internet and cable TV can cost less than subscribing for things individually. Or if you have unlimited data on your smartphone, you might be able to skip a separate charge for internet service in your home — or vice versa using wi-fi instead of data.

Watch out for shopping costs. If online shopping is a temptation you don't need, try to stay offline. When you do shop, stick to your list. Don't shop on impulse or buy things just because they're on sale. Use coupons and shop sales for items you do need to buy, and make sure to comparison shop for the best deal on big-ticket items.

Pay bills on time to avoid fees and finance charges. In difficult times, it's tempting to use credit cards more or take out a loan. However, that will cost you more in the long run. Try to limit credit use as it is not a solution to the problem, but simply delays the date that you pay for the items, and then adds interest. If you have a loan, you may be able to take advantage of deferred payments — basically taking a break from paying. This can help, but understand that interest may still be building, so it could cost you more later.

Source:

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