



Household Budgeting

Most of us have some idea about the importance of budgeting, and we may actually even prepare budgets and do a periodic reconciliation of our budgets. We may even revise our budgets if our actual spending exceeds what we budgeted. However, most people consider these activities as little more than retroactive tools, not attempting to identify opportunities to effectively manage the costs required to run their homes.

When we compare certain aspects of managing a home to running a business, we can see that saving money on expenses is usually easier than generating more income. This is true as expenses are generally based upon choices which are within our control whereas generating more income may require the consent of another, (such as our customer agreeing to make a purchase or our boss agreeing to give us a raise). Also, because income is subject to tax and most household expenses are not tax deductible, a dollar saved is actually more valuable than a dollar earned. (None of this is to say that we ignore valid principles of sowing and reaping and expecting God to increase our income, but the balance here is that those who are faithful in little will be faithful in much. Therefore, we need to demonstrate our ability to manage the details of expense management before we can generate additional income.)

These suggestions may not appeal to everyone, but they can serve to provide examples of how small incremental changes in our behavior can provide significant benefits over time. We should focus on making wise choices each day. Thus, the changes made will not be so overwhelming, rather realize that these small changes will help you achieve your goals and increase savings. Do not allow yourself to become guilt ridden if you choose one day not to apply one of your desired behavior changes. Focus on the goal and start again, one day at a time. You can do it!

The following are examples of opportunities to reduce household expenses. Do not consider them exhaustive, but a guide to stimulate additional creative ideas.

Workplace Related Expenses

Consider car pooling and bringing your own lunch. If you currently drive 15 miles each way to work and pay \$5 each day to park, you can save more than \$900 each year by carpooling with one other person or approximately \$1,200 by car pooling with two people. If you don't pay for parking you



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would save approximately \$280 each year if you drive 15 miles to work. Alternatively, if your employer offers public transportation benefits you can save at least \$35 each month in income and payroll taxes if you participate. Bringing your own lunch will not only help you eat healthier, it will save you anywhere from \$3 to \$5 per day on average. (Annual savings of \$750 to \$1,250 per year, or more).

Instead of drinking coffee or soda, drink water during the day. It's better for the body and savings really add up. (One \$1 soda every day equals over \$250 over the typical working year). One Starbucks coffee everyday for the entire year equals more than \$1000.

Opportunities in Grocery Shopping

Comparison shop for products you use regularly and stock up on them only when on sale, use a grocery list to avoid impulse buying, consider trying other brands if they are on sale, participate in store coupon or affiliate card programs for additional savings. Although, I typically buy branded food products, it doesn't matter to me which ones, so I usually buy only sale items. Other people buy only generic items. Typical savings at least \$25 per week, which is \$1300 per year.

Utility Costs

Lower the thermostat 1-2 degrees in winter months and wear a sweater around the house. Most people won't notice a degree or two. Alternatively, keep the thermostat at a constant temperature instead of raising and lowering it regularly. Also consider lowering the temperature on the hot water heater to no more than 110 degrees. Approximate savings \$5-10 per month depending on current readings. Use lower wattage bulbs in non-reading lights and turn off all lights in rooms not being used. Unplug appliances not in use. Each extra 100 watts of lighting left on unneeded for 8 hours per day results in approximately \$23 of annual expenses.

Entertainment Expenses

Rent a movie as a family instead of going to the theater, or consider attending the matinee. Turn the TV off one night each week and have "family night", (play a game, read together or even talk). The cost savings may not be large, but not all benefits need be measured in dollars and cents.



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Credit Card Expenses

Although the individual items above may not seem large, since the typical American family carries more than \$3000 in credit card debt, any reduction in expenses will make additional funds available to reduce the interest cost on that debt at amounts as high as 18%. Also, consider shopping around for credit cards that don't charge annual fees or with lower interest rates. But, be aware that credit makes it easier to spend. That is its sole function. As a result, people generally spend more than 40% more when purchasing items on credit. Learn to use credit, judiciously, within your budget and only when you can repay the card in the month used.