

Healthy Money Habits

Step 5

Class Challenge

Step-Down Your Spending

Practice the Step-Down process with a few of your luxury expenses, like eating out or clothing. Explore alternative ways to save money while maintaining your current level of satisfaction. The example to the left may make a difference of \$50 in the family budget, without much loss in overall satisfaction (if it's done right).

Create or respond to a post with questions or feedback on this challenge here <https://www.facebook.com/pages/Idahos-Two-Cent-Tips/158778734174237>

Food for Thought

Over 50% of a typical American household budget goes toward houses and cars, yet when short on cash, most people rarely consider downgrading these expenses. Instead things like retirement and college savings, sufficient insurance, and even adequate nutrition are cut.

Additional Resources

Find related resources here: <http://extension.uidaho.edu/madison/?s=budget&searchsubmit=>

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Budgeting

Spend Less than you Earn – That's all budgeting really comes down to. There are hundreds of ways to accomplish this task, but your finances will never be in order until you figure out a way to spend less than you earn.

Track Expenses & Income – Receipts, notebooks, calendars, envelopes, spreadsheets and software can all work, but expense-tracking apps and websites for computers, tablets, and Smartphones are proving very effective at real-time expense tracking, and can be very low maintenance.

Needs and Wants - Most of us can meet our basic needs for food, clothing, shelter, transportation, education, and healthcare with only a small fraction of our income. That's because most of our houses, cars, etc. go way beyond fulfilling basic needs and should be closely examined. The vast majority of our expenses are "wants," and are very flexible. Spending on "wants" should reflect the things you value most in life, and not the latest sales or social pressures to "keep up."

Step down your spending – When eliminating wants from our list of expenses, also consider "stepping down" instead of cutting outright. If you like movies, explore ways to get the thrill without all the cost, like matinees or rentals.

Automate – Bill payments and savings should be automated through automatic transfer, or paycheck deductions. This is a great way to build savings over time.

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