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FOR RELEASE

Five County Solutions

“Helping You Manage Between Jobs”

Economizing Your Expenses 1 of 2

“Stretching Your Money”

When your income suddenly drops, it is necessary to make some immediate changes in the amount of money you are spending. Where can you cut corners? How do you get the most for your money? A few weeks ago an article gave tips on saving money on groceries. This week we will cover some of the other areas where you can adjust expenses.

Studies have found that families who try to adjust their spending habits immediately contribute positively to their family’s well-being now and in the future. Talk it over the situation with the children and explain the situation. The children can help in spending less and saving wherever possible. This can be a learning experience for them as they may have a similar situation in their future.

Where do you begin? Follow these basic money management principles which have been research-tested:

- Make a list of your most important expenses. These are your basic living needs or things you must have or do. These tend to include rent or mortgage payments, insurance premiums, car payments and installment debt.
- Make a family spending plan and keep track of where money is being spent. Break it down to weekly and let everyone in the family know how they can help keep expenses under control.
- Stick to your spending plan. Each spending decision can be critical. Small amounts add up fast on a limited budget.

Although it is usually easier to cut back on flexible spending areas such as food, utilities, clothing, and household expenses, don't overlook fixed expenses such as insurance and debt payments.

Insurance- Check your insurance policies to see if you could raise your deductibles proving some savings. If your car's value has dropped sufficiently consider dropping your collision insurance. If you use more than one agency consider combining under one agency to get a multi-policy discount.

Debt Payments- If you are having problems making mortgage, car or installment debt payments, contact the holder of the debt and talk with them about your situation. They may be willing to adjust some payments. This will have you maintain a better credit rating rather than missing payments.

Below are some different areas of flexible spending where you may be able to save some money:

Utilities

- Check to see if you qualify for low-income home energy assistance.
- Check with your utility company as they may have ways to help you with paying.
- Maintain your furnace so it operates efficiently. Clean or change filters when needed.
- Set your thermostat at 65°F in the winter and wear extra clothes to keep warm. At night or when you are not home turn the thermostat down to 55°F. Lowering the thermostat 10 degrees can cut your heating costs by up to 20%. Close drapes at night and when cloudy.
- Close doors to unused rooms and shut off heat to those rooms as long as there are no water pipes in the walls or floor.
- Turn lights off when not in use. Unplug equipment with instant-on feature.
- Use energy efficient light bulbs, tubes, and fixtures when replacements are needed.
- Take shorter showers. Turn off water while shampooing hair and lathering up.
- Wash clothes in cold water and hang to dry when possible.
- Keep water heater set at 120°F and use hot water wisely.
- Use the microwave for cooking as it consumes about 20% of the energy required by a full-size oven. Use the burner or element on the stovetop that fits your pan.
- Give up cable television if you have it or cut back to basic service.
- Fix any leaky faucets.
- Learn to do simple home repairs yourself.

Phone

- If you make a lot of long distance calls, research different suppliers as some have unlimited calling plans reasonably priced.
- Check on bundled services which may cost less. However, be careful about promotional rates, be sure to read the fine print.
- Buy a calling card and use for all your long distance calls. This can limit the amount you spend each month on long distance calls.
- Keep a record of calls so you can check your bill for errors.

Watch for next week's article which will contain additional suggestions for transportation, personal care, leisure time and other expenses. In the meantime, work on a spending plan and start keeping track of where you are spending your money.

References:

Danes, S. and Van Guilder Dik, A. (2007). *Getting Through Tough Times: Strategies for Spending Less*, University of Minnesota Extension.

Furry, M. M. (2000). *Bouncing Back When Your Income Drops: Cutting Corners and Economizing*, Penn State University Extension

LeFebvre, J. and Boelter, L. (2006). *Managing Between Jobs: Strategies for Spending less*, University of Wisconsin Extension

Many of you are facing uncertain times due to future job losses in our area. Ohio State University Extension wants to help with accurate information on how to deal with these uncertain times and the financial and emotional strain you will experience.

Family and Consumer Sciences Educators in these five adjoining counties (Clinton, Fayette, Greene, Highland, and Montgomery) are working together to provide information through news articles, factsheets, and possible class sessions. You can contact us at any time for more information and resources. In Greene County please contact Melanie Hart at 372-9971 or hart.382@cfaes.osu.edu for more information.

Look for weekly new articles with information on financial issues and family and community resources. In the first few weekly news articles we will be discussing the emotional reactions you may have or experience during this time in more detail than in the article above.

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