

Managing Money in a Changing Economy



Managing money in a changing economy is difficult for everyone. Whether you have \$5 in your account or \$5,000 it's important to manage your money, so it doesn't manage you.

As inflation rises and prices soar, so does our stress and anxiety about paying bills and putting food on the table. To help ease these concerns, we can take control of our spending habits and our budgets. We must start with assessing our spending on necessities compared to two years ago.

More of our monthly income is going to necessities and needs than ever before. Without adjusting our spending habits, we'll have less money to put toward savings, debt payments, and our long-term financial goals.

While we may think we handle our money well, our checking account balance often tells us otherwise. It's time to ask ourselves how we can cut back.

FOLLOW THESE STEPS TO GET BACK ON TRACK AND PREPARE YOUR BUDGET FOR FINANCIALLY HARD TIMES IN THE FUTURE.

Analyze

The first step in assessing your overall financial situation is analyzing your spending habits.

Print a copy of your checking account and credit card statements. Then, review these statements and highlight your purchases based on categories.

These categories include housing, medication, utilities and phone, groceries, dining out, transportation, debt, and miscellaneous (shopping for gifts, non-necessary clothing, subscription services, and any other extras).

Classify

Next, classify these purchases into Needs and Wants.

This can be tricky! We know that we need food, clothing, and shelter, but did some of the purchases in these categories represent a Want and not a Need?

Did we have groceries at home but preferred to eat out or need a new coat but chose a designer one? Did we need to give a gift to a friend or family member but we could have made something or offered some of our time and talents?

Refine

Now that we have a list of Needs and Wants, it's time to determine how to make better choices going forward.

Consider your upcoming month of expenses. Rent or mortgage payments, transportation costs, utilities, groceries, and medicine should be at the top of your list.

Next look at debt payments, clothing, and gifts. Finally subscriptions and other Wants. This last category should be the smallest portion of your budget.

Create

Finally, create a budget that works with your new situation. Calculate your household's monthly take-home income and subtract all monthly household expenses. Review all income sources and document properly.

Don't include overtime, bonuses, incentives, or undependable income sources to determine your budget. Do include Social Security benefits, pension, and government assistance programs if you qualify and receive benefits. Only include child support and alimony if it's consistent and paid on time.

There are only two ways to increase your budget – reduce expenses or increase income. Both options have their own challenges and rewards. Check our tips below to find tried, true, and a few new ways to increase your budget!

Whether it's an increase in living expenses and utilities, or loss of income, it's important to know where you stand to make necessary decisions for you and your family.

Create a budget that meets your needs and allows you to meet your additional financial obligations. If there are any funds left, start establishing an emergency fund to assist when life happens.



Budgeting Tips and Tricks



Decrease Expenses

Evaluate all subscriptions. Subscriptions can be anything from magazines to streaming services, software licenses, and gym memberships. If you need subscriptions for school or work, look for employee or student discounts.

Meal planning can save thousands each year. Plan low-cost meals that create leftovers. Save on gas by eating lunch in work common areas.

Reduce spending on groceries. Shop with a list and stick to it. Don't shop when you're hungry and consider online pick up to prevent impulse buys. Shop the sales ads and buy in bulk when you can save a significant amount of money per item or pound.

Look for discounts and coupons. If you take specific medications, ask your doctor about coupons to lower the cost. There are also programs to assist individuals on fixed incomes. Reach out to your local United Way or public health unit for more information on prescription coupons.

Save on gas. Plan errands to take care of several tasks in one trip. Carpool with people who regularly go to the same places you go. Take public transportation when possible. Shop for lower gas prices using apps like GasBuddy.

Reduce energy use. Seal cracks around windows and doors. Seal holes and gaps in ductwork, turn lights off, and unplug appliances and electronics when not in use.

Track your spending by setting up purchase notifications. You can set up checking account alerts on your MyPelican App. Add "Pay with Points" on your Pelican Visa to pay for purchases with points.

Write each purchase down in an account ledger. This will ensure you know exactly what you're spending in each category.

Use the cash system. For out-of-control spending, consider putting your budgeted cash for each category in an envelope. Only use the cash in the envelope for purchases. This is a great way to stay within a grocery and dining budget.

Increase Income

Take on a second job if possible. This can be a short-term solution to pay off debt, make ends meet, or replace lost income. Consider options like Instacart or Door Dash to make quick cash.

Host a garage sale in-person or sell on social media. Get rid of items you no longer need and make some extra cash. Baby and kids' items, furniture, and appliances sell quickly and can be a great source of one-time income.

Start a new business or "side hustle." You can mow lawns, baby-sit, bake cakes, take amazing photos, or create computer graphics. Use your talent to increase your income.

Get a roommate. Consider getting a roommate or renting out a room to reduce housing and utility costs.

The most important is having a spending plan, and a back-up plan like an emergency fund, for when something unexpected happens. If you follow these steps, you'll be on the path to budgeting success with a true picture of your financial situation and a plan to reach your financial goals.

Need help getting started? Our Nationally Certified Credit Counselors can help you create a plan that will ensure a successful financial future for you and your family.

If you would like to speak with a Pelican Nationally Certified Credit Counselor, please visit pelicanstatecu.com/wellness.



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