

Managing Between Jobs

Strategies for Spending Less

When your income is reduced, immediately stop all excess spending. It doesn't matter whether your situation is temporary or extended, you need to get the most for your money.

Studies have found that many families do not adjust their lifestyles for about 6 months after their income is reduced. But ignoring the situation can bring disaster. By taking charge of your financial situation from the outset, you are making a positive contribution to your family's well-being now and in the future.

Following basic money management principles can reduce stress and help you adjust to living on less income. Here are research-tested principles.

- Make a list of your *most important* expenses while you have less income. (This means things you *must* have or do.)
- Make a spending plan to determine where your money will go. Refer to EC 1391-E, *Setting Spending Priorities*, to develop a household budget you can use.
- Stick to your spending plan. With less income, each spending decision is critical.

Most people give high priority to *fixed expenses* such as rent or mortgage payments, insurance premiums, car payments, and installment debt. *Flexible expenses* such as food, utilities, clothing, and household expenses can be adjusted more easily to fit your income.

All family members need to work together to reduce spending. When everyone pulls together, you are more likely to succeed in living on less.

Gather your family and go through the list under each of the flexible-expense categories. Check the ideas you think would help you reduce spending. Add your own ideas to each list.

As you go through the list, ask yourself how you could reduce spending.

- Can you *substitute* a less costly item?
- How can you *conserve* your resources and avoid waste?
- Are there opportunities for you to *cooperate* with others by trading or sharing resources?
- Can you *barter* for some goods or services?
- Can you save if you *do it yourself*?
- Can you *do without*?

Food

- Plan your meals around foods you have on hand.
- Plan your meals and snacks for a week ahead. Then, see what you need to buy, and you also will know whether you have enough money to last the week. The local office of the OSU Extension Service can provide information on thrifty, nutritious food plans.
- Shop from a list based on planned menus. Check food advertisements for good buys.
- Go shopping as few times as possible. Frequent trips can add to your monthly bill because it is easy to buy extra items each time.
- Shop alone, if possible. It is hard to say no to your children's favorite foods when they are along.
- Don't go shopping when you are hungry. Everything looks good when you are hungry, so it's hard to stick to your list. And shopping in a hurry may cause you to overlook the best buys.

- Plan low-cost protein foods such as dry beans, eggs, peanut butter, turkey, and chicken. Hamburger and liver are good buys in red meats. Large roasts can be cut up and used in different ways for more than one meal. Include meats in sauces or casseroles to make them stretch farther. Use slow cooking and/or marinating to tenderize less expensive cuts of meat.
- Use reconstituted dry milk for cooking instead of whole milk. It is equally nutritious but less expensive.
- Turn leftovers into “planned overs.” You can sometimes get two meals for the price of one. Store cooked foods properly to make them last longer. Freeze them if you have the space.
- Take advantage of free- or reduced-price school lunch programs.
- Use cold water rather than hot whenever you can.
- Take shorter showers.
- Call long distance only in emergencies. If possible, call when rates are lower. Ask your long-distance carrier for details.
- Investigate alternative long-distance services. You may find it cheaper to buy a telephone than to rent one. Give up telephone extensions as well as extra cable television connections.
- Consider writing letters instead of making long-distance phone calls.
- Learn to do simple home repairs such as replacing washers in faucets and repairing damaged electric cords, torn window screens, or broken window panes.

Utilities and Household Maintenance

- Maintain and clean your furnace regularly.
- Find and fix air leaks around windows, doors, foundation, electrical outlets, exhaust fans, and attic openings.
- Install storm windows and doors or put up plastic sheeting to reduce heat loss.
- Adjust the thermostat setting by 5 degrees and compensate with more or less clothing. Heating and cooling are the most expensive utility costs.
- If it’s fairly inexpensive to do, insulate ceilings, exterior walls, under floors, heat ducts, and hot water pipes. You might qualify for financial help from programs that insulate your home; ask your utility for information.
- When replacing light bulbs, tubes, and fixtures, select energy-efficient types. Use fluorescent bulbs wherever possible.
- Turn off unused lights.
- Heat or cool only one room or part of the house. Close doors to unused rooms, and shut off heat/air conditioning to those areas.
- Hang clothes to dry instead of using a clothes dryer.

Transportation and Upkeep

- Carefully plan car travel to reduce driving expenses. If you own more than one vehicle, sell one if it is reasonable to do so.
- Car pool or use public transit when possible.
- Do your own vehicle maintenance if you have the skills and tools.
- Walk or ride a bicycle instead of using a car.
- Evaluate auto insurance policies to make sure you are covered adequately. You might reduce your premiums by raising deductibles on collision and comprehensive.
- If you’re employed seasonally, ask your agent to have insurance-premium bills due when you are working.

Medical Expenses

- Don't forget good health habits. Good nutrition can reduce illness and tooth decay.
- Learn the symptoms of common diseases in order to know when seeing a doctor is advisable. Early treatment of many diseases or injuries is often least expensive. Consider taking classes on inexpensive first aid or baby care offered by community agencies, if you have time.
- Shop for doctors and dentists whose fees are reasonable. You might find it less expensive to stick with a regular doctor or dentist to avoid duplicating tests and records. Your doctor probably would agree to an installment payment plan.
- Take advantage of low-cost or free clinics and immunizations such as those often available during local health fairs.
- Update medical insurance policies to eliminate duplicate coverage; most companies pay on a co-insured basis. If you do not have health insurance, see whether you qualify for the Oregon Health Plan.
- If hospitalization is necessary, use a ward or semiprivate room. Check the hospital statement to make sure the charges are for services you actually received.
- Ask your doctor to prescribe and your druggist to fill prescriptions with generic drugs. Avoid overusing nonprescription drugs.

Clothing and Personal Care

- Look at each family member's wardrobe to see which items must be replaced or added. Repair and/or remodel clothing, and swap items of clothing with other family members or friends. Try to develop the attitude in your children that "handed down" clothing is not only economical but also enjoyable.
- Follow instructions when laundering clothes.
- Mend clothing promptly. Resole and polish shoes instead of buying new shoes.
- Have children change to old, worn clothing for play.

When you buy clothing:

- Compare price and quality. Check discount stores, mail-order catalogs, thrift stores, secondhand outlets, and garage sales.
- Check size and fit. Clothing that does not fit well will not be worn often.
- Buy clothing that is washable and easy to care for. Check care labels.
- Coordinate clothing and accessories so that they can be used with several outfits.
- Learn to do your own hair care and manicure at home. Cut your children's hair yourself. Select cosmetics and toiletries that are reasonably priced.

Recreation and Leisure

- Choose activities that are free or cost only a little such as hiking, picnicking, visiting a museum, or attending a free concert. Attend school or community events.
- If you entertain at home, have potluck affairs for family and friends. This way, everyone shares the food costs.
- Organize sharing clubs for movies, sports equipment, board games, puzzles, and books.

Child Care

- Try to arrange your family's schedule so one parent is available while unemployed to care for children while the other parent works. If both parents are unemployed, try to alternate child-care responsibilities so each has an opportunity to look for a job or has some personal time. If only one parent is in the home, try to share childcare responsibilities with a relative, neighbor, or friend.
- Form a babysitting co-op with other parents.
- Investigate public nursery schools and day care centers. Arrange car pools with other parents for children's school and extra-curricular activities.
- Some job training programs provide childcare.

Miscellaneous Expenses

- Carefully consider each gift or donation. Reduce cash giving and donate services instead. Make gifts instead of buying them, or give services such as babysitting, elder care, house watching, or pet care.
- If you have expensive habits such as smoking and drinking alcoholic beverages, you may want to reduce or eliminate them.
- Stop magazine and newspaper subscriptions when it is time to renew them. Use your public library to find information you might need from these sources.
- Set a reasonable amount for children's allowances and have a clear understanding with them about what it covers.

Before buying an item, ask yourself:

- Can I do without it?
- Can I postpone its purchase?
- Can I substitute something else that costs less?
- Can I use my own skills to make it myself?
- Do I already own one?

For More Information

This publication is one of several in the *Managing Between Jobs* set available from the OSU Extension Service. Other titles:

- EC 1391-E, *Setting Spending Priorities*
- EC 1393-E, *Deciding Which Bills to Pay First*
- EC 1394-E, *Talking with Creditors*
- EC 1395-E, *Keeping a Roof Overhead*
- EC 1396-E, *Bartering*
- EC 1397-E, *Making the Most of What You Have*
- EC 1398-E, *Accepting Your Feelings*
- EC 1399-E, *Living Better with Stress*
- EC 1400-E, *Identifying Sources of Support and Friendship*
- EC 1401-E, *How You Can Help When Your Mom or Dad Is Unemployed*
- EC 1402-E, *Deciding If Teens Should Work*
- EC 1403-E, *Helping Children Cope*

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