

MONEYWISE

VALUING PEOPLE. VALUING MONEY.

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THIS MONTH'S TOPIC:

STRETCHING YOUR DOLLAR: WHAT TO DO WHEN THE "ENDS" DON'T MEET

"Making ends meet" is getting harder in today's economy. If you've ever wondered how to make your dollars and resources go farther, think about these tips for managing your money in tough financial times.

SPENDING WISELY

There are two basic ways to balance a budget: either **increase your income** or **reduce your expenses**. Scaling back on spending may be the quicker and easier of the two strategies. Start by taking a look at your spending habits to see where your money goes each pay period. List small purchases (like fast food, hobbies, and other "wants") and large expenses (like housing, insurance, and your family's "needs").

Next, use a highlighter to mark more **flexible** categories where you can cut back (or cut out altogether). While not always pleasant, looking for small ways to save in the present allows you to redirect that money where it matters most. This increases your family's future financial stability. Cancel "wants" until you can make ends meet again, like streaming services or monthly subscriptions. Or, cut back on things like eating out or buying name brands. For example, saving



\$10 a week is \$520 a year; saving \$20 weekly is \$1040 annually; saving \$50 a week is \$2,600 a year; and so forth. Small savings really do add up.

PRIORITIZING YOUR FINANCES

Household expenses fall along a continuum of fixed and variable costs. **Fixed costs** are the same amount each month. These may include bills such as mortgage or car payments, insurance premiums, cell phone plans, internet, and streaming services. You can budget fixed expenses more precisely because you know the exact amount that will be due and when.

Variable costs, on the other hand, include charges that are different each month. Food costs, utility bills, revolving credit card



NOTE EACH MONTHLY “PAY DAY” (OR ANY DATE YOU EXPECT MONEY TO COME INTO YOUR ACCOUNT)



payments, and “extras” are all variable costs. Some of these expenses may be necessary (e.g., food and electricity are essential), but often there are ways to cut costs in each category.

To begin prioritizing your finances, use a blank calendar and note every recurring monthly payment your family has (fixed or variable) on its due date. Also keep a running list of family expenses that are due quarterly or annually, like property taxes or insurance.

Next, note each monthly “pay day” (or any date you expect money to come into your account rather than go out of it). Do you have enough income to cover the required payments in between pay periods? If not, talk with the collector about the due date. Most companies offer flexibility in choosing a payment date that works for your financial situation. Be sure to pay bills on time to avoid late fees and additional finance charges or interest.

SAVING WHEN EXPENSES ARE TIGHT

To save on groceries, gas, utilities, clothing, and other household essentials, begin by

shopping your home. For example, don’t go grocery shopping until you’ve shopped your pantry, fridge, and freezer. Eat or repurpose leftovers, get creative with the ingredients you have on hand, and use food before it expires. When we toss food in the trash, we’re trashing our cash too.

The same goes for clothing or other household goods. Look for items to sell, trade, refresh, or repurpose before going shopping. To save money on gas, group your errands and limit your shopping trips to one day a week or certain days a month. You can also carpool or use public transportation. For utilities, use energy-saving practices to lower your costs (like wearing layers and monitoring the thermostat).

LOOK TO THE PAST

As you explore ways to save, consider the penny-pinching practices of past generations. They used what they had and weren’t wasteful. They borrowed from friends and neighbors. They sold and traded goods. They repurposed furniture, fabric, and clothing. They lived within their means and considered “a penny saved is a penny earned.”

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