

# SMART TIPS FOR MANAGING FAMILY EXPENSES



## **Abstract**

Managing family expenses effectively is essential for financial stability and achieving long-term goals. "Smart Tips for Managing Family Expenses" offers practical strategies to streamline household budgets, prioritize needs, and reduce unnecessary spending. This guide highlights the importance of creating a budget, tracking expenses, and exploring cost-saving options such as meal planning, energy efficiency, and shopping smart. It also emphasizes setting financial goals, involving family members in budgeting decisions, and utilizing technology like budgeting apps to monitor finances.

By adopting these smart tips, families can overcome financial challenges, build savings, and enjoy a balanced lifestyle. Whether you're managing a large family or a small household, this article provides valuable insights for maintaining financial health and achieving peace of mind.

## **Getting Started**

Managing family expenses can be challenging, but you can keep your finances on track with smart planning and practical strategies. This guide offers simple yet effective tips to help you manage your household budget, save more, and reduce unnecessary spending. From creating a realistic monthly budget to finding ways to cut costs on everyday essentials, these tips are designed to make financial management easier for families of all sizes.

Learn how to prioritize your expenses, set achievable savings goals, and make informed decisions about your money. With a bit of effort and organization, you can create financial stability and enjoy peace of mind. Start managing your family's expenses wisely today and pave the way for a secure future!

## **1. What Are Family Expenses?**

Household expenses are general living expenses, broken down according to the number of individuals in a household. They include the amounts paid for lodging, food consumed at home, utilities, clothing, and other costs. The sum of all the expenses is then divided by the number of family members residing in the house in order to find each member's share of the total expense.

Some household expenses qualify for tax deductions. For example, if you work from home and have an office there, you might qualify for the home office deduction.

## **Understanding Household Expenses**

The items associated with household expenses include a broad range of recurring purchases. These include housing, food, transportation, clothing, and child care.



## **What Are the Types of Family Expenses?**

### **Home Expenses**

In addition to the cost of housing—whether it is rent or mortgage payments—household expenses also include real estate taxes, fees for utilities such as electricity and gas, and insurance for the property.

The needs of each person accounted for in the household are also tallied up in these costs. These needs include the cost of prescription medicines and other healthcare fees.

Washington State Department of Social and Health Services. "Categories of Household Expenditures."

### **Child-Related Expenses**

Expenditures for education such as tutoring services, the purchase and maintenance of school uniforms, textbooks, personal computers, stationery, and pens are all included as household expenses. Tuition, whether for private schools or universities, may be included as expenses carried by the household because the student typically relies on a parent or guardian to pay such fees.

Childcare services, such as hiring babysitters or paying for daycare for young children while parents are at work, are included in household expenses as well.

## Transportation Expenses

Transportation fees, such as the cost of leasing or buying a car through installment payments, commuting costs to work, and other services used by members of the household to get around, such as taxis or buses, can be counted as expenses to the household. Legal fees for members of a household, whether for consulting services or litigation, may also be included as well.

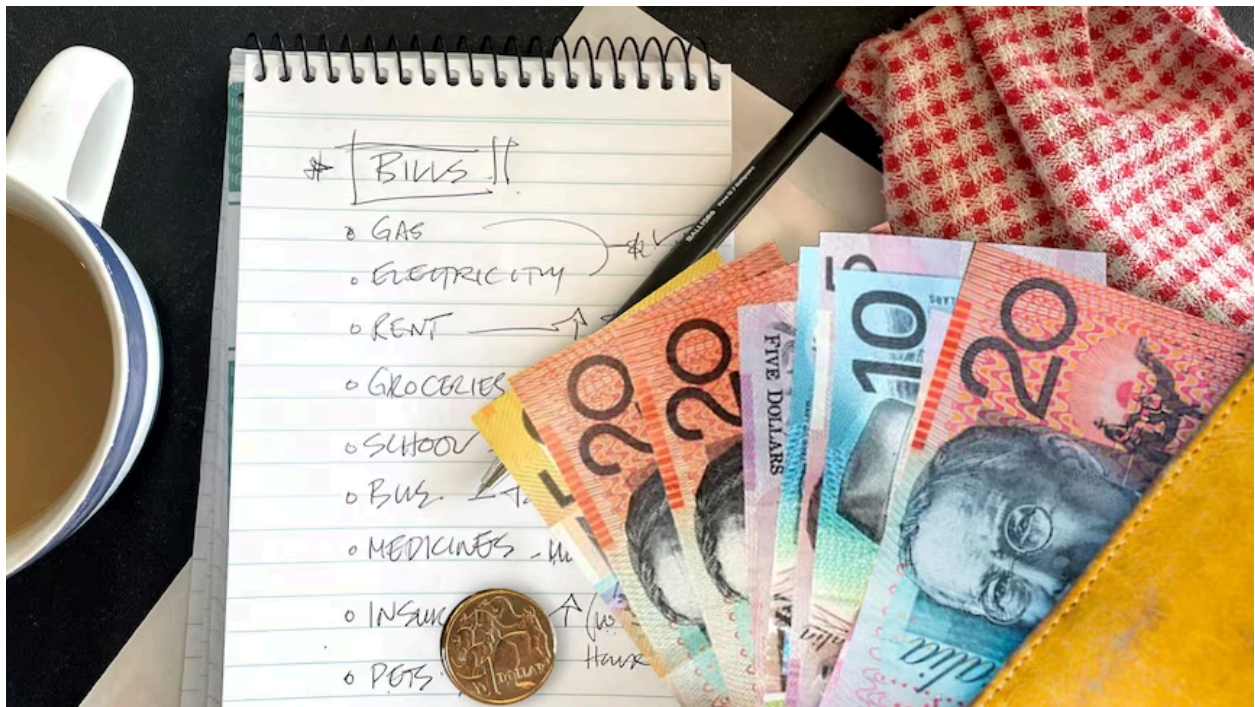
## Entertainment Expenses

Costs for leisure and pastimes might be part of a household's regular expenditures. Nights out at the movies or subscription television services are part of entertainment purchases for the household.

The money spent on vacations, costs to participate in hobbies such as procuring collectible items, and fees for club memberships also add to these expenses. However, the necessity of such expenditures may come into question when budgeting to maintain the necessities of a household, particularly if there is a decline in personal income. If household expenses surpass your capacity to pay them, you may incur increased debt and confront more extensive consequences.

The Internal Revenue Service lists the expenses that qualify for a tax deduction.

To claim a tax deduction, keep meticulous records and all receipts so that you are ready to fill out the required forms at tax time.



## **2. How Can You Create a Family Budget?**

With the cost-of-living crisis continuing to bite, many Australians are watching their spending. But there's more than one way to budget. We looked at the pros and cons of three popular budgeting methods and spoke to two financial advisors for their take.

### **What's the best way to budget?**

That depends on who you ask.

Mr James says a spending plan is beneficial, but financial educator and author Melissa Browne is against rigid budgeting.

"A budget will tell you if you have enough money for what you need, and essentially whether you can afford what you're spending on," Mr James says.

"It also helps you set aside money for saving and investing for your future."

Essentially, it encourages you to put your money to work in the best way possible to achieve short, mid, or long-term goals.

Ms Browne prefers a different approach, saying budgets can be too restrictive. "Research has shown that budgets don't work in the same way that diets don't work," she tells the ABC. "At the end of the budget, people tend to bust out and spend that money on something other than what they had originally intended."

### **Work out what works best for you**

"The truth is that finance is personal," Ms Browne says. "There's no one size fits all approach that works for most of us."

"The messier and more sustainable approach is figuring out the method and habits that are right for you."

### **A looser budgeting option**

Ms Browne's anti-budget approach aims to make people feel less boxed-in. She says to consider setting up your finances in such a way that you have a choice.

Steps to do this might include:

- **Understand what money goes in and goes out** for your main household bills. This might include rent/mortgage, electricity, subscriptions, insurances, school fees, groceries and more
- **Understand what you have and what you owe**
- **Create financial goals you're excited about** achieving and figure out what that means for the next 12 months

- **Set up bank accounts for your everyday expenses**, bills, buffer, savings and investing, and set up automations to those accounts in line with your bills and your financial goals
- **Reassess every month** to make sure you're on track

"What does work is having shared goals, understanding your money, and setting up your finances in such a way that you're prioritising your goals while at the same time, being able to enjoy today," Ms Browne says.

## What are some other budgeting methods?

The two we talked about above are just two of many different ways to approach budgeting. When you venture into the realm of budgeting advice on Google and social media, you'll come across a bunch of different hacks and strategies.

We had a look at three mainstream methods you might have heard about.

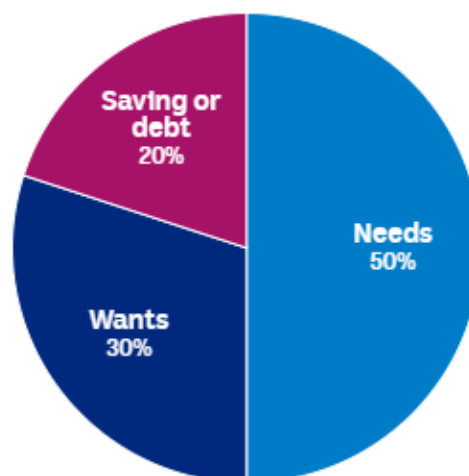
### 50/30/20 rule

The 50/30/20 rule is a budgeting technique that divides your take-home income into three buckets.

In Australia, you might have heard a similar method created by The Barefoot Investor, Scott Pape — although his breakdown is a little different.

### The 50/30/20 method

This balanced money formula was popularised by US politician Elizabeth Warren.



### Pros

It's a big picture budget and you've only got three categories to think about

It recognises that your wants aren't unimportant as you're devoting nearly a third of your income to optional indulgences

The percentages are a suggestion and can be altered to fit your needs

### **Cons**

You could still overspend — you might borrow from your needs to satisfy your wants

Multiple bank accounts might mean you're not offsetting any debt

Doesn't leave a lot for saving.

### **Zero-based system**

The zero-based method is when every dollar you earn has a function. The goal is that your income minus your expenses equals zero by the end of the week/fortnight/month. The difference between zero-based budgeting and living pay cheque to pay cheque is that all of your financial goals are met.

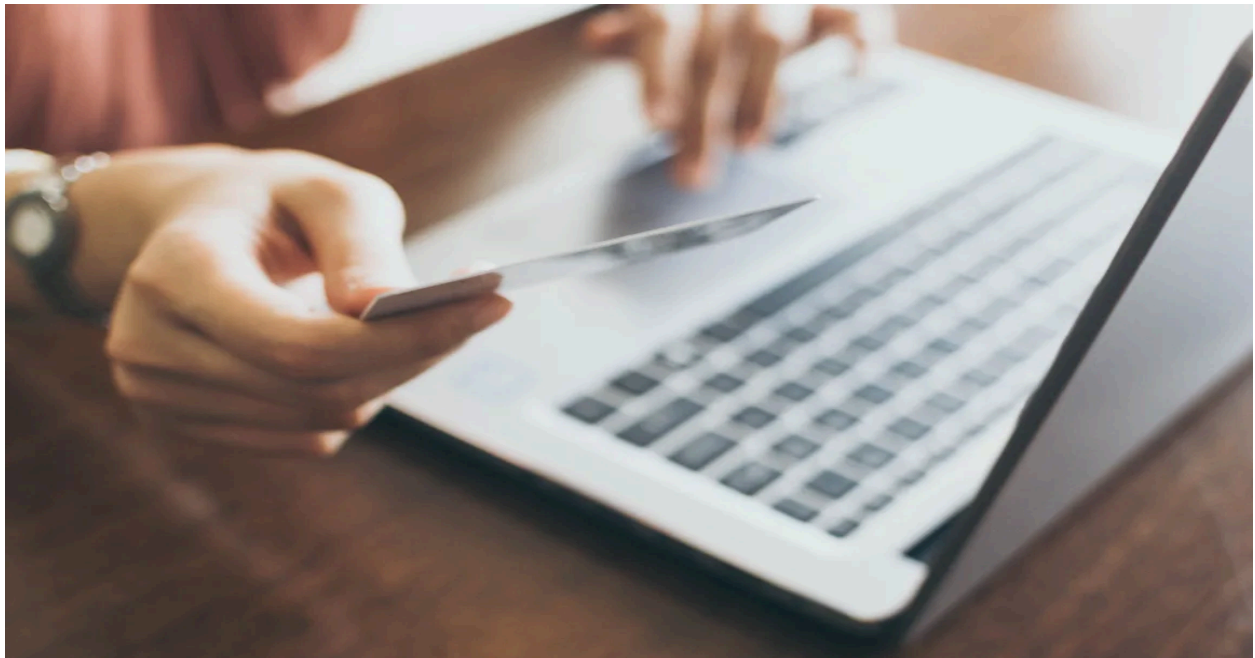
## **3. How Do You Manage Household Expenses?**

Start small. Instead of trying to look at all your living costs at once, focus on one area at a time.

This feels easier and gets you into the mindset to make more changes. You can do this.

For example, take note of your daily spending for a week. This can help you find quick ways to reduce your spending — at least for a while. See track your spending.

In many households, groceries and electricity bills are where rising costs bite the most. For ways to reduce these and other costs, see simple ways to save money.



## **Smooth out your big bills**

Some services, like electricity, council rates or insurance, offer 'bill smoothing'. This is where you pay bills in smaller amounts, instead of paying the whole amount in one go.

Ask your service providers if you can pay fortnightly or monthly, to avoid the shock of a large bill. If you get a Centrelink payment from Services Australia, you can use their free Centrepay service to do this.

For utility vouchers, rebates and tips on how to deal with different bills, see problems paying your bills and fines.

## **Prioritise your rent or mortgage payments**

When you're looking at payments, make your rent or mortgage a top priority.

If you're struggling to pay your rent, see rent steps to take on the National Debt Helpline website.

Talk to your lender straight away if you're having problems paying your mortgage. The earlier you get help, the more options you have.

## **Make a money plan**

Take charge of where your money goes day-to-day by doing a budget. This lets you look at needs and wants, and prioritise what matters most.

Even if you can only save a little, start saving for an emergency fund. This helps you cope better with big bills, and look after you or your family when needed.

Avoid borrowing to pay off another loan, buy now pay later or credit card. Get help if you're having trouble with money.

## **How To Teach Your Child Financial Responsibility**

This article covers ten essential money lessons to teach your kids.

### **Help Them Organize Cash With Piggy Banks**

Kids often find it easier to understand the concept of money when working with tangible objects. Hence, one of the best ways to introduce them to financial responsibility is to help them organize the cash they receive in multiple piggy banks.

### **Teach Them About Budgeting**

Tell them the importance of setting aside specific amounts for different spending categories and why following a budget is essential.

As much as possible, you want them to realize that budgets are a crucial stepping stone toward financial success and should not be ignored.

### **Give Them A Strategic Allowance**



While kids typically see allowances as money to spend freely, try to encourage your kids to view allowances as earned income that should be used to pay for expenses.

Every time you hand over their allowances, make it clear that you expect them to manage their money responsibly. Guide them into creating a reasonable budget, but also allow them full control over how they spend their money.

If they fall short of their budget, create consequences instead of just giving them more money. For instance, make them do chores for extra cash or loan them amounts that must be repaid by their next allowance day.



### **Teach Them About Wants Vs. Needs**

Help your kids distinguish between their wants and needs and why they should prioritize the latter.

You can start by teaching what basic needs are — such as clothing, food, and shelter. Let them know that all the extras — such as movie tickets and toys — fall under their wants.

### **Encourage Them To Save For Future Purchases**

It may be tempting to cover every significant expense involving your kids. However, letting them be involved in saving for both small and large purchases can be beneficial.

To help them reach the goal faster, consider increasing their allowances or letting them earn extra through chores. However, resist the urge to do all the work for them.

### **Teach Them About Investing**

Teach your kids the power of investing money, starting with concepts such as compound interest. You don't necessarily need to explain complex investing formulas, but you can educate them on how money can grow over time through investing.

Even for adults, investing is a difficult concept. So, don't expect your kids to learn it overnight. Consider sharing your own investment strategies along the way.

## **4. Money Savings Tips For Families On a Budget**

### **Set a goal**

Saving money for a rainy day is all well and good, but if you have a specific and achievable goal in mind, you'll be more motivated to achieve it. Common finance goals include paying off a debt, building an emergency fund, saving for a home deposit or saving for a holiday.

### **Pay yourself first**

If you're the type to get paid and then immediately begin start paying bills, buying groceries, shopping for clothes and grabbing brunch with friends promising yourself that you'll eventually save whatever money is left over – this could be where you're going wrong. Prioritise your savings by treating them like any other non-negotiable bill.

Whether you commit to saving a percentage of your income (most experts suggest around 10-20%) or \$50 a week, it's important to put this amount away first before you begin spending on discretionary items.

### **Do an audit**

Almost every bank now has its own banking app, so there's no longer an excuse not to check exactly where your money is going. It may feel scary, but taking a deep dive into your spending habits can be an eye-opening, and ultimately life-changing experience.

Figure out exactly how much money is going to essentials (accommodation, food and medication, for example) and how much is going towards discretionary spending (for example, takeaway, dining out and entertainment). Consider whether you're comfortable with these figures and see if there are any ways to cut back on unnecessary spending.

While you're at it, why not check out whether you're paying an exorbitant amount in bank fees, unused gym memberships and any other direct debits? You'll be surprised at how quickly money spent on unused subscriptions can add up.

## Prioritise what is important to you

Unless you've recently won the lottery, chances are you will probably have to make some tough decisions about where you can spend and where you can save. While some may find the task of forfeiting their daily coffee habit in order to reach a financial goal easy, others may not.

### Show Them How Credit Cards And Debt Work

Americans now collectively have more than \$1 trillion in credit card debt, and interest rates are approaching 20%, an all-time high.

One of the best ways to ensure your kid doesn't fall into excessive debt is to show them how credit cards work early in life. Teach them what credit cards are, why they exist and when it's best to use them, addressing both the pros and cons of the credit system.

### Teach Them The Importance Of Giving

Once your kids know more about spending, saving, and investing money wisely, remember to teach them the importance of generosity and giving to others. Let them choose the people they want to show appreciation to through gifts or charities they want to donate to.

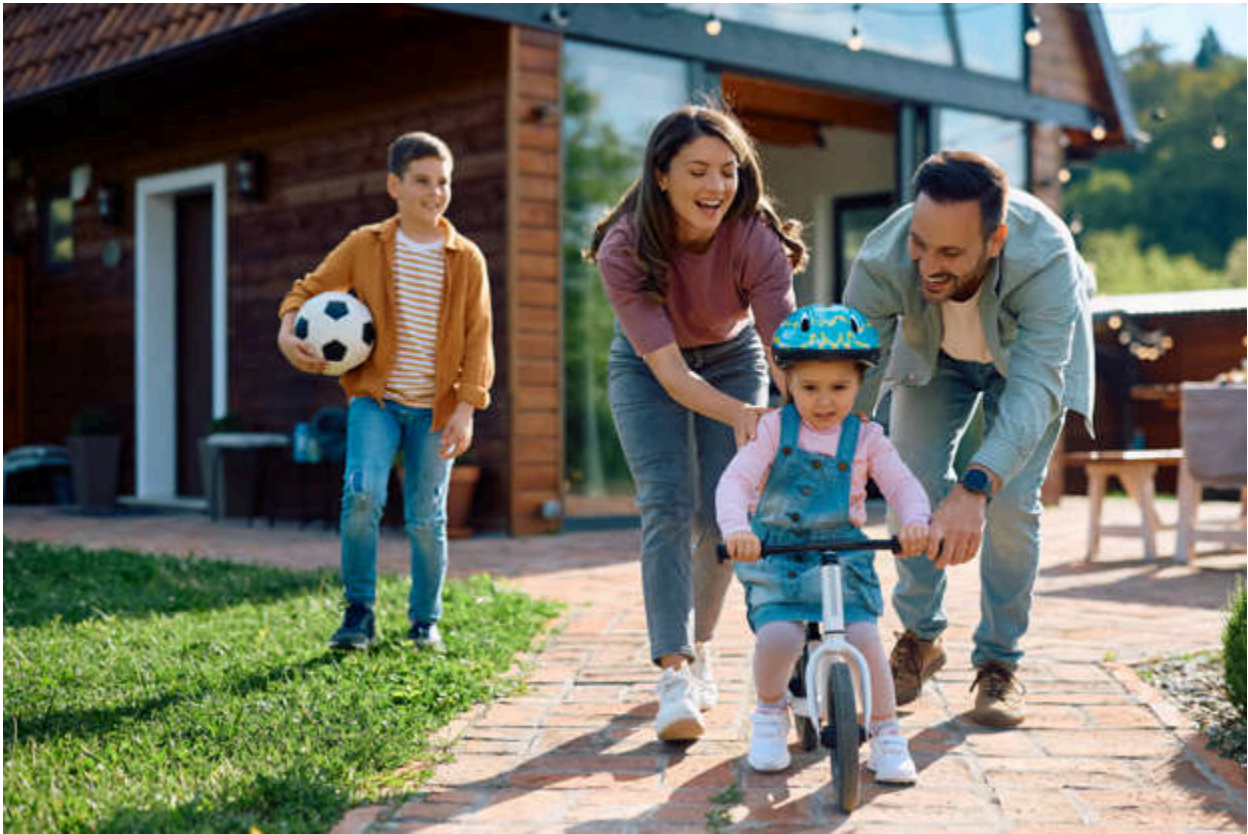
Work out whether you can instead cut back on clothes shopping, or simply pack your own lunch instead of getting takeaway. Once you make your decision – stick with it and revel in the indulgences you have consciously made provision for in your budget.

## Get rewarded for spending

Now it's time for the fun part: saving money while you spend. In recent years, a number of sites have popped up, allowing you to save as you spend. Here's a quick roundup of some of the most popular options:

- **Shopback** – As a member of Shopback, you'll receive a portion of money back on every item you purchase through the app. Major retailers like Myer, The Iconic and Target are on board, so if you do need to make a purchase, this app will help you ensure that every dollar is going further.
- **Round up features** – Most banks offer a 'round up' service as an optional account feature. Every time you make a tap purchase with your debit card, you can choose to automatically have the figure rounded up to the nearest dollar with the difference placed into your savings account. Alternatively, you can download an app like Raiz, a micro-investing app that will automatically invest your spare change into the share market.
- **Rewards cards** – Many supermarkets and major retailers offer their own in-house rewards cards which can provide you with discounts on groceries, fuel and more.

- **Loyalty cards** – Here’s one for the coffee lovers: don’t underestimate the power of a loyalty card. A free coffee is a free coffee after all!



## Shop smarter

You can easily pick up some savings while doing the weekly grocery shop. Easy swaps you can make at the grocery shop to save money include buying frozen vegetables (which have been proven to be just as nutritious as the fresh variety, according to the Dietitians Association of Australia).

You could also try cutting down on your meat consumption by going vegetarian – if only for one day a week – and watch your grocery bill shrink. Some shoppers even swear by shopping at night. This is when most fresh meat and bakery goods are discounted because they need to go before the end of the day.

You could even try purchasing your groceries on eBay – if you’re game!

## Build up a repertoire of easy, cheap recipes

Making healthy food at home is a habit that will not only improve your wellbeing, but will also improve your ability to save. Here are some cheap, easy and healthy recipes to get you started:

- Easy curry beef stew
- Easy vegetable pancakes
- Easy beetroot, rocket and walnut summer salad

## Monthly Household Spending Indicator

The Australian Bureau of Statistics (ABS) has collaborated with key data users to enhance the Monthly Household Spending Indicator (MHSI) and better address their needs. Based on user feedback, enhancements to MHSI were introduced in the June 2024 reference period publication. These improvements provide a more comprehensive view of household consumption, including:

- Moving to a 'household consumption' concept bringing MHSI closer to its predominant use. This includes updates to MHSI methods and data sources.
- Monthly seasonally adjusted estimates at the national-level for total spending, nine in-scope COICOP Divisions and the four analytical series (Goods, Services, Discretionary and Non-Discretionary).
- Quarterly chain volume measures for the nine currently published COICOP categories, by State/territory.
- Dollar levels for all series.

Current price, seasonally adjusted estimates of total spending by State and territory will be introduced in the October 2024 reference month. The time series for these estimates will start at the January 2019 month/March 2019 quarter. These will replace the corresponding calendar adjusted series in the time series spreadsheets.

## **5. How To Estimate The Average Cost Of Moving**

Have you decided to relocate to the land of abundant sunshine, the Gold Coast in Queensland? This coastal hotspot is always brimming with fun activities and tourist attractions like the Springbrook National Park, Surfers Paradise Beach and the Currumbin Wildlife Sanctuary. You can also visit world-class theme parks like Movie World and enjoy cruises along Moreton Island where you can watch dolphins in action. Relocating here is certainly a dream come true, but the actual moving process will take a lot of planning to create a successful checklist for a successful and stress-free move. It is also good to estimate your average cost of moving here so you know what services you can afford and what moving tasks you should do on your own.

There are also budget-friendly removalists Gold Coast who will load and move your belongings to your new home efficiently and at reasonable rates. Here are some ways you can calculate your average cost of moving homes on the Gold Coast by looking at the factors below: How To Estimate Your Average Moving Cost



## 1. Calculate The Distance You Will Be Travelling

One of the most important factors affecting your moving costs is the distance you will travel. If you are moving only a few blocks down the road, your costs will be much less than if you are moving to a new city or state. The costs of calculating these two moves are also different, such as:

If you are moving 50 miles or less, your moving costs are calculated based on time spent.

If you are moving more than 50 miles, your moving costs will depend on the weight of your items and the distance covered.

Thus, ensure you find out how far you are travelling and get an estimated quote from your removalist service on the Gold coast in advance if it is a long-distance move. Tip: Here are some tips to reduce the cost of a local move.

## 2. Make An Inventory List Of Your Belongings

Besides the distance, your number of belongings will also affect your moving costs when moving to Queensland. This is because the more items you have, the more packing and moving equipment you will have to buy, and you will also have to rent a larger moving truck that will significantly add to your costs. If you use removalists Gold Coast, these experts will weigh your items and accordingly give you an estimated quote based on how many movers they will need to load your items and the space your items occupy on the truck. Thus, list your items to understand your moving costs and try to donate or sell your items to reduce your moving load.

### **3. Add Any Extra Services You Require For The Move**

Once you know how many items you are taking and the distance involved, you will get a fair idea of your moving costs. But there are also extra services like packing and unpacking, disassembling furniture, moving specialised items, storage facilities and insurance coverage. These extra services can add a significant amount to your total costs, so you need to see whether these will suit your budget and try to complete some of these tasks on your own. For instance, you can get your friends and family to help you pack and unpack and use their extra rooms as storage space to save costs. Tip: Here is how you can move art, antiques and valuables safely and save on damage costs.

### **4. Look For Complications That Might Affect Your Move**

Next, you must see if there are any complications when you move homes on the Gold Coast, like if there is a narrow elevator or extra flights of stairs. Removalists Gold Coast will add to your moving costs if they have to take several trips up and down on a narrow elevator. If your new rental property is on the top floor, the costs of the extra staircases after the first flight will also be added to your total costs. Other complications include any stops you might have to make along the route and any extra heavy or specialised items you did not initially list.

### **5. Finalise Your Moving Date To Compare Prices**

Lastly, you need to finalise your moving day so you know how much it will cost you and can start creating a moving budget. This is because if you are moving in the summer, it will cost you more than moving in the winter and fall, as most people prefer moving in the summer. You will also see that moving costs will be higher if you move at the beginning of the month than in the middle as this is when moving companies are the busiest. Try to schedule your movers at least 90 days in advance and pick a weekday in the middle of the month to get the best moving rates.

Other Factors That Will Affect Your Moving Costs

- If you need liability coverage for your belongings, you can get full protection value coverage from your movers, which will add to your costs.
- You will also have to set aside an amount to tip your moving service to thank them for their hard work.
- If you need to speed up your delivery services, you must pay extra for expedited moving services.

#### **Conclusion:**

Managing family expenses effectively requires careful planning, open communication, and smart financial decisions. By tracking spending habits, setting clear budgets, and prioritizing savings, families can ensure their financial stability and avoid unnecessary stress. It's important to review expenses regularly, cut back on non-essential items, and take advantage of discounts and offers to save money. Involving all family members in financial discussions can also help build a collective sense of responsibility. With the right tools and strategies, managing family expenses

doesn't have to be overwhelming—it can lead to a more organized, secure, and fulfilling lifestyle for everyone involved.

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