# Spending and Savings

## Differences Between Income and Expenses

Income is money you receive. Types of income include earned income, income from assets or investments, or public benefits or entitlements that pay money. Income can also be other benefits or entitlements, or income such as gifts, child support, and alimony.

Expenses are how you use your income. You can think about how you use your money in three different ways: saving, sharing, and spending.

You can think about your expenses in three ways, too:

- Needs – What you must have to live, and can you meet your needs in less expensive ways?
- Wants – What can you live without? Can you spend less money on them?
- Obligations – What debts do you owe? Do you need to make payment plans or other arrangements?

If you receive public benefits, you need to consider resource or asset limits. It's helpful to learn about resource and asset limits from your public benefit administrator or its website.

## Tracking Your Expenses

By tracking your expenses, you can see if you are using your money in line with your values and goals. Tracking your expenses may also uncover where you can make changes. Plus, when you track your expenses, you tend to spend less!

Use the following table as a guide to write down what you save, share, or spend daily.

| Day | Expense | Amount | Need, Want, or Obligation |
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## Spending and Saving Plan

A spending and saving plan helps you:

- Compare your income and expenses
- Understand where your money is going
- Make changes so you can use your money to meet your goals

A spending and savings plan has three sections:

- Net Income
- Expenses
- Comparison to Total Net Income and Total Expenses

## Steps to Fill Out a Monthly Budget

1. Make a list of "Past Monthly Amount" for expenses and income.
2. Make a list of "Planned Monthly Amount for_____(Month)" expenses and income.
3. Compare your total net income and total expenses
4. If needed, make changes to the income and expenses your have in the "Planned Monthly Amount" list. You want your income to cover your expenses.

You may have to do some math to get monthly amounts. This would be when you receive income or pay expenses on a schedule other than monthly. When you compare your income and expenses, you will have three possible results. If the difference is:

- **Zero** - your income equals your expenses
- **Positive** - you have more income than expenses
- **Negative** - you have more expenses than income

Tips for success include:

- Record your savings, sharing, and spending daily
- Have a weekly money check-in
- Conduct a monthly review and set goals

## Potential Steps When Money is Short

- Increase income
- Decrease expenses
- Contact your creditors
- Reach out for help
- Prioritize what to pay first

Make choices about which bills to pay in full, pay partially, or pay late. Pay attention to things that: prevent you from earning income; jeopardize your shelter; impact your health or ability to live independently; or could result in loss of your assets.

This information is an excerpt from the FDIC Money Smart for Adults Credit Reports and Scores Module. Visit the FDIC website (https:// www.fdic.gov/consumer-resource-center/money-smart) for more information or contact us at 1-800-257-1705 for printed materials.