

# The Basics of Budgeting:

## A Step in the Right Direction

The financial aspects of caring for a child with special needs can often seem daunting or overwhelming. Even with support from local school districts or state agencies, many families pay out of pocket for expenses such as prescriptions, therapies, supplements or supplies, to name just a few. As a result, special needs families must be diligent in controlling their spending and saving for an uncertain future.

While budgeting is important to all families, it is a vital component in the financial planning process for the special needs family to address the short and long-term financial needs associated with caring for their children. A comprehensive budget will identify all your resources and sources of income as well as help you gain an understanding of your monthly and annual expenses. By monitoring your expenses over time, you'll be able to identify areas of overspending and work to reduce those expenses so that you can save and invest more.

Intense consideration must be given to the budgeting process, both to meet the needs of the family as a whole, as well as developing a long term plan to provide resources in the future for your special needs child. Creating a realistic budget is the foundation of taking ownership of your financial future and can help you prepare for the road ahead.

## Tips to Creating and Managing Your Budget

**Involve the entire family:** Agree on a budget up front and meet regularly to check your progress.

**Stay disciplined:** Try to make managing your budget a part of your daily routine.



**This section was prepared by Katrena Shipp, a Financial Advisor for Morgan Stanley. Katrena focuses on helping special needs families achieve financial stability. Katrena's son is on the Autism spectrum and is a student in New York. As the mother of a child on the Autism spectrum, Katrena understands the financial challenges and the importance of planning for the future when caring for a special needs child.**

**Choose your timing wisely,** start your new budget at a time when it will be easy to follow and stick with the plan (i.e., start at the beginning of the year, as opposed to right before the holidays).

**Find a budgeting system** that fits your needs (i.e., budgeting software).

**Categorize your expenses,** distinguish between expenses that are "wants" (i.e., designer shoes) and expenses that are "needs" (e.g., groceries).

**Build rewards** into your budget (i.e., eat out every other week).

**Build an emergency fund:** Accumulate 3 to 6 months of fixed expenses as an emergency reserve. This will make it easier to address life's inevitable surprises or emergencies and allow you to stay on track with your budget without having to utilize your credit cards.

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# Steps for Creating a Family Budget

## I. Estimate Your Monthly Income/Resources:

Wages	_____	State Benefits	_____
Investment Income	_____	SNAP Benefits	_____
Retirement Income	_____	Transportation Assistance	_____
Settlement Assets	_____	Housing Assistance	_____
Social Security (SSI)	_____	Other	_____
Disability Benefits (SSDI)	_____	<b>Total</b>	_____

## II. Estimate Your Monthly Expenses:

### Housing

Rent/Mortgage	_____
Property Taxes	_____
Utilities (Gas, Electric, Water)	_____
Cable/Internet	_____
Housekeeping	_____
Furniture	_____
Maintenance	_____
Other	_____
<b>Total</b>	_____

### Insurance

Health/Dental	_____
Auto	_____
Home/Rental	_____
Long-term Care	_____
Other	_____
<b>Total</b>	_____

### Education

Tuition/Fees	_____
Books/Supplies	_____
Tutoring/Special Services	_____
Miscellaneous	_____
<b>Total</b>	_____

### Food

Groceries	_____
Restaurants/Eating	_____
Special Diets	_____
Other	_____
<b>Total</b>	_____

**II. Estimate Your Monthly Expenses:**

**Medical/Dental**

Medical Visits \_\_\_\_\_  
 Dental Visits \_\_\_\_\_  
 OT/PT/Speech \_\_\_\_\_  
 Other Therapy \_\_\_\_\_  
 Supplies \_\_\_\_\_  
 Medications \_\_\_\_\_  
 Supplements \_\_\_\_\_  
 Other \_\_\_\_\_  
**Total** \_\_\_\_\_

**Transportation**

Car payments \_\_\_\_\_  
 Gas \_\_\_\_\_  
 Maintenance \_\_\_\_\_  
 Taxis \_\_\_\_\_  
 Public Transit \_\_\_\_\_  
 Other \_\_\_\_\_  
**Total** \_\_\_\_\_

**Insurance**

Health/Dental \_\_\_\_\_  
 Auto \_\_\_\_\_  
 Home/Rental \_\_\_\_\_  
 Long-term Care \_\_\_\_\_  
 Supplements \_\_\_\_\_  
 Other \_\_\_\_\_  
**Total** \_\_\_\_\_

**Personal Needs**

Clothing \_\_\_\_\_  
 Haircuts \_\_\_\_\_  
 Cell Phone \_\_\_\_\_  
 Gym \_\_\_\_\_  
 Allowances \_\_\_\_\_  
 Other \_\_\_\_\_  
**Total** \_\_\_\_\_

**Recreational**

Entertainment \_\_\_\_\_  
 Sports/Hobbies \_\_\_\_\_  
 Memberships \_\_\_\_\_  
 Camps \_\_\_\_\_  
 Travel \_\_\_\_\_  
 Vacations \_\_\_\_\_  
 Other \_\_\_\_\_  
**Total** \_\_\_\_\_

**Care/Assistance**

Nursing \_\_\_\_\_  
 Respite \_\_\_\_\_  
 Other \_\_\_\_\_  
**Total** \_\_\_\_\_

**II. Estimate Your Monthly Expenses:**

**Miscellaneous**

Gifts \_\_\_\_\_  
 Other \_\_\_\_\_  
**Total** \_\_\_\_\_

**Special Equipment**

Wheelchair \_\_\_\_\_  
 Computer \_\_\_\_\_  
 Ipad/Other \_\_\_\_\_  
 Medical Supplies \_\_\_\_\_  
 Software/Apps \_\_\_\_\_  
 Glasses \_\_\_\_\_  
 Service Dog \_\_\_\_\_  
 Hearing Aids \_\_\_\_\_  
 Repairs \_\_\_\_\_  
 Other \_\_\_\_\_  
 Other \_\_\_\_\_  
 Other \_\_\_\_\_  
**Total** \_\_\_\_\_

**III. Calculate your Disposable Income or Monthly Reserves:**

Once you determine your total monthly income, subtract your total monthly expenses. The funds remaining after you meet your expenses is called “discretionary income” and represents the money that can be saved and invested to meet your family’s needs in the future. For special needs families, investing for the future is an extremely important part of the financial planning process.

# Budgeting Tools and Resources

Wise financial management requires a series of daily choices. You can learn how to take control of your financial situation with budgeting tips, by creating a budget, monitoring your progress and managing the flow of income and expenses.

## Budgeting for the Special Needs Family

There are a variety of tools available to assist families in developing and tracking their budget on a monthly basis. The key to choosing the right budgeting tool is selecting the one that you're most likely to stick with using over time. Here are some of the most popular tools available to assist you:

### Quicken

Quicken offers a comprehensive platform of budgeting software products for purchase. Check [quicken.com](https://www.quicken.com) to review their suite of budgeting tools and products.

### Mint.com

[Mint.com](https://www.mint.com) is an online budgeting tool, which allows you to track your spending on a monthly and annual basis. It requires that you sync your banking and investment accounts to maximize efficiency.

### Budget Tracker

[BudgetTracker.com](https://www.budgettracker.com) is an online budgeting tool that is available via computer or mobile application. Unlike some of the other online budgeting systems, it doesn't require you to sync your banking or investment accounts to track your expenses or progress.

## Budgeting for the Special Needs Child (Life Skills)

In the event that your child is able to live independently as an adult, budgeting will be a vital life lesson



that they will need to incorporate into their daily lives.

Today, tools exist to assist families in teaching their special needs child to manage their personal finances. Here are some of the resources that families have found to be helpful:

### Practical Money Skills for Life

This site provides lesson plans that enable students with learning disabilities to gain important personal finance skills. Educators or parents can choose from a variety of teaching materials and customize them to meet individual students' learning needs.

### Time4Learning

This site provides an online financial literacy program for special needs children from Pre-K through high school that teaches money management skills.

### Seek Professional Help

Special needs families have the same financial concerns as other families, but their financial plan must often include longer term goals. An effective budget can be an important first step in accomplishing your goals. Stay positive, focus on your future and seek the advice of a financial professional, if needed.