

Example of budgeting for a poor family of four report

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A poor family which has four members and that has \$21, 000 per annum income should budget its expenditure to ensure the basic needs are satisfied. This amount translates to \$1, 750 per month. Firstly, the type of housing that would be affordable for this family is the kind that is found in Passaic NJ, costing around \$500. This is affordable since there will be some amount of money that will be left to cater for the other expenditures.

However, the house will be relatively small and the members of the family will have to squeeze in it.

With this amount of cash, it is better to first budget for the basic needs before analyzing the other types of expenditure. For instance, the family has to do away with any luxury foods such as ice cream, burger and cheese.

Although this might be hard for the children, they will have to adapt to the situation. In addition, the parents have to purchase food from the cheapest shops like Aldis Stores. They can also cut the cost of eating by cooking through the cheapest means. This can be done by avoiding cooking by electricity since it increases the family bills (Bryan 6). The food expenditure can be estimated to be \$400 per month. The family should also purchase fruits from the cheapest groceries around their neighborhood.

Since education is vital for everyone, the children should be taken to the most affordable schools. This may cost around \$300 per month for the two children. Since the family is not rich, it should avoid taking expensive medical insurances. One form of medical insurance may cost \$200 per month. The family can only afford simple furniture that is not exaggerated. Cheap furniture may cost \$100. When it comes to entertainment, the family should only purchase affordable television sets in order to stay updated on

the current issues. Entertainment expenditure may be estimated to be \$50 per month. The remaining \$200 may be saved for future use. This will be used in case of any emergency.

In conclusion, we can conclude that all the above expenditures have been reduced to the lowest possible level since the income is not enough. For such a family, I would recommend the parents to search for means to start a small business. This will help to increase the income of the family. It will also lead to increased standard of living. Finally, the family should also make sure that it cuts the costs of basic commodities in order to increase its monthly savings.

Work Cited

Bryan, S. The Marriage and Family Experience. Wadsworth Thomson Learning Publishers. 2006. Print.