

**Creating the Budget, Exercise 8, The Grocery Bill (Chapter 5)**

The grocery bill is often the largest budget item in the budget. Use the **Food Calendar** provided on the website to plan out meals to better manage the food that is needed for purchase against what your supplies are in your kitchen. The website will provide a video tutorial on how to use the calendar.

Secondly, if you do not have an understanding on what your grocery bill cost is, you will need to review bank statements for the last 3-6 months to know the spending habits. It is important to make a determination to include items that are not food such as toiletries, make up, garbage bags and so on. You need these items so you will spend money on them-just know where you are going to account for them in your budget. At this point input the average into a spreadsheet. Using the chart establish the weekly average and then the monthly estimates. Note that for four months of the year there are 5 weeks so these months will have a higher grocery cost. See the grid below that will help establish the monthly estimates.

**Example monthly estimates for food cost**

Month	Cost	Month	Cost
January (4)	\$230.76	July (4)	\$230.76
February (5)	\$288.45	August (5)	\$288.45
March (4)	\$230.76	September (4)	\$230.76
April (4)	\$230.76	October (5)	\$288.45
May (5)	\$288.45	November (4)	\$230.76
June (4)	\$230.76	December (4)	\$230.76

Next run the **12-month Budget Exercise** to determine where you may need added cash to start the process for this expense.

Complete the **Food Items List** provided on the website to determine the item that you need to shop for. While at the grocery store use an app or write down what each item costs from your list (you will need a printed copy). You also need to consider where you shop for the items. Is it the local store or a warehouse club or both?

Item	Have √	For	Amount	# of Meals
Ground beef	--	Sloppy Joes Meatloaf Mexican Night	3 lbs.	3
Soup	√	--	--	--
Lettuce (premix)	--	--	1 bag	4
Garlic Bread	--	--	1 loaf	2
TV Dinner	--	--	1 package	1
Taco Kit	√	--	--	--
Chicken Breast	√	--	--	--
Potatoes	--	Mashed Potatoes	2	1
Bread	√	--	--	--
Soup	√	--	--	--

Item	Have ✓	For	Amount	# of Meals
Mayo	✓	--	--	--
Mustard	✓	--	--	--
Turkey	✓	--	--	--
Sour Cream	✓	--	--	--
Shredded Cheese	✓	--	--	--
Black Olives	✓	--	--	--
Broccoli	✓	--	--	--
Asparagus	✓	--	--	--

This is a very critical exercise due to the many items purchased each month and the variation in prices. What the food calendar will provide is true handle on spending because you are committing to a week's worth of groceries at a time. It also will allow you to waste less food and creates more food variety in the meal planning rather than preparing meals on the fly.

As you incorporate the cost into your budget you may need to lower the cost based on your past spending habits or reduce other expenses; usually the easiest way to reduce this cost is by dining out less.