

BUDGET PLANNER

Creating a personalized budget

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Table of Contents

Step 1	Current finances and goals	Page 4
Step 2	Income and Assets	Page 5
Step 3	Basic monthly expenses	Page 6
Step 4	Periodic expenses	Page 7
Step 5	Outstanding financial obligations	Page 8
Step 6	Spending worksheet	Page 9
	Suggested guidelines	Page 10
	Spending plan example	Page 11
Step 7	Blank spending plan	Page 12
	Tips for a successful spending plan	Page 13
	Budget planner directions	Page 14-15

Creating a personalized budget

Step 1 – Current Financial Situation & Goals

Describe your current financial situation

Set goals...

Goals shape your spending plan. Therefore, the first step in every successful plan is to make a list of what you want and when you want it. Make sure your goals are realistic and attainable.

Use the following tips to create effective goals:

- **Be specific — What do you want?**
- **Set a deadline – When do you want it?**
- **Follow up on the goal– How will you hold yourself accountable?**

Short Term Goals (Up to 3 years)		Target Date
Medium Term Goals (3 to 5 years)		Target Date
Long Term Goals (5 or more years)		Target Date

Step 2 – Income & Assets

<i>Yourself...</i>				
MONTHLY TAKE HOME PAY \$	DATE LAST PAID	PAID EVERY: <input type="radio"/> Two Weeks <input type="radio"/> Week <input type="radio"/> Month	ADDITIONAL INCOME \$	SOURCE OF ADDITIONAL INCOME
<i>Your Partner...</i>				
MONTHLY TAKE HOME PAY \$	DATE LAST PAID	PAID EVERY: <input type="radio"/> Two Weeks <input type="radio"/> Week <input type="radio"/> Month	ADDITIONAL INCOME \$	SOURCE OF ADDITIONAL INCOME
<i>Your assets...</i>				
<i>Total in savings accounts:</i>	\$	<i>Automobile – Year:</i>	<i>Make:</i>	\$
<i>Total in checking accounts:</i>	\$	<i>Automobile – Year:</i>	<i>Make:</i>	\$
<i>Value of your home:</i>	\$	<i>RV – Year:</i>	<i>Make:</i>	\$
Other:	\$	Other:		\$
Other:	\$	Other:		\$
Other:	\$	Other:		\$

Step 3 – Basic Monthly Expenses

List monthly expenses and their due date. Expenses that do not occur monthly will be included in Step 4.

Expense	Due Date*	Monthly Payment	Adj.** Monthly Pmt
Savings			
Savings Account			
IRA Contributions			
Investments			
Housing			
Rent/ Mortgage			
Condo Fees/Homeowner Dues/ Space Fees			
Storage Fees			
<input type="checkbox"/> Bi-monthly Electricity			
<input type="checkbox"/> Bi-monthly Gas or Oil Heat			
<input type="checkbox"/> Bi-monthly Water			
<input type="checkbox"/> Bi-monthly Sewer			
<input type="checkbox"/> Bi-monthly Garbage			
Telephone			
Cable Television			
Security System			
Living Expenses			
Food: Groceries			
Lunches (work and school)			
Snacks, Pop, Coffee			
Transportation: Gasoline			
Bus Fare			
Car Pool			
Parking/ Tolls/ Etc.			
Insurance: Life Insurance			
Auto Insurance (if paid monthly)			
Health Insurance (if paid monthly)			
Health Care: Medical Co-pay			
Counseling Fees			
Prescription Medications/ Vitamins			
Subtotal:			

Expense	Due Date*	Monthly Payment	Adj.** Monthly Pmt
Dependent Care: *** Day Care			
Child Support			
Education: Tuition			
Books/Supplies			
Fees			
Clothing: Clothing/ Accessories			
Dry Cleaning/Laundry			
Personal: Postage/Film			
Hair Salon/Barber Shop/Nails			
Toiletries and Cosmetics			
Allowance			
Health Club			
Books/CDs			
Internet/Computer Expenses			
Cell Phone			
Household Supplies			
Pet Food/Care			
Housekeeper			
Checking/ATM Fees			
Cigarettes/Tobacco			
Contributions: Club/Union Dues			
Church/Synagogue			
Charity			
Entertainment: Hobbies			
Movies/Plays/Concerts			
Meals Out/Delivered Goods			
Sports			
Parties/Beverages/Cover Charges			
Video Rentals			
Babysitter Fees			
Flex Fund (Allocating amount to spend on anything you want)			
Subtotal:			
Total Monthly Expenses:			

* Circle due date if past due.

** Complete the Adjusted Monthly Payment section after Step 6.

*** Dependent care varies, so this category is added as a guide only. If you have this expense, its percentage must be deducted from other budget categories.

Step 4 – Periodic Expenses

List expenses that do not occur monthly (every other month, quarterly, etc.). Begin with the current month and plan the next 12 months. List the expenses in the month they occur.

Savings												
Investments	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
IRAs												
Housing												
Property Taxes/Insurance (if paid separately)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Household Maintenance/Repair/Pest												
Living Expenses												
Transportation:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Vehicle License												
Vehicle Insurance, Deductible, Auto Club												
Vehicle Maintenance (oil changes/repairs)												
Health Care:												
Medical/Dental Deductible/Vision												
Education:												
Tuition/Books												
Fees/Parking												
Personal:												
Hair Salon/Barbershop/Nails												
Gifts (holidays, birthdays, anniversaries)												
Clothing Purchased Quarterly/Semi-annually												
Income Tax Preparation Fees Amount owed of Tax Due (if owed)												
Subscriptions (e.g. magazines, music, clubs, books, etc.)												
Dues (club, warehouse stores, homeowners)												
Pet Care (grooming/medical)												
Credit Card Annual Fees												
Entertainment:												
Vacation												
Special Entertaining												
Hobbies/Sports												
Monthly Totals:												
Grand Total = \$	Divided by 12 = \$					Per Month						
CALCULATIONS												
Last Month's remaining balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Add this month's total deposit												
Subtotal												
Subtract total expenses												
Total remaining this month												

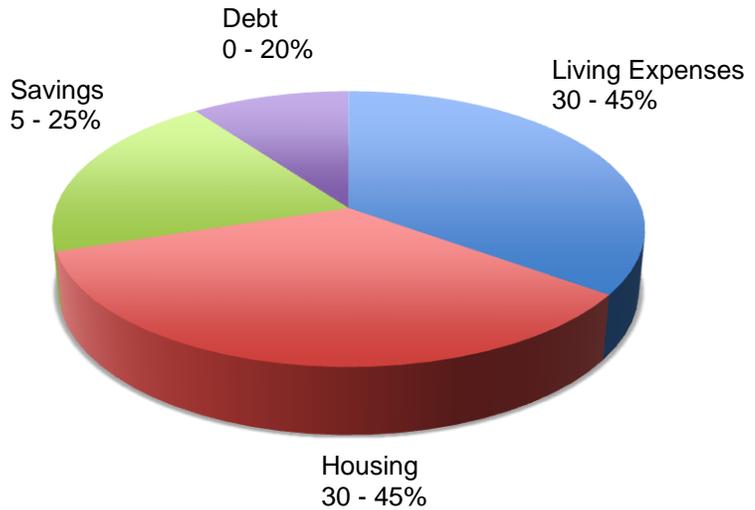
Step 6 – Spending Worksheet

Use the information from Steps 2, 3, 4, and 5 to complete this section.

		Current	Adjusted Amount
Net Monthly Income			
Subtract Basic Monthly Expenses	-		
Subtotal	=		
Subtract Monthly Minimum for Periodic Expenses	-		
Subtotal	=		
Subtract Outstanding Obligations	-		
Final Surplus (+) or Deficit (-)	=		
Notes			

Suggested Guidelines

Living Expenses Include:	
Food	10 - 20%
Transportation	7 - 9%
Insurance	5 - 10%
Health Care	5%
Dependent Care	Variable
Education	1 - 2%
Clothing	2 - 6%
Personal	5 - 8%
Contributions	2 - 10%
Entertainment	5 - 10%



Where are you now?
 To calculate your current percentages, divide the amount you spend each month by your net income. Remember to include your periodic expenses.

<u>Example</u>		<u>Actual</u>	
Monthly Net Income	\$1,800	Monthly Net Income	\$ _____
Housing	\$630 divided by \$1800 = 35%	Housing	\$ _____ divided by (Net) = ____%
Living Expenses	\$645 divided by \$1800 = 35%	Living Expenses	\$ _____ divided by (Net) = ____%
Debt Payments	\$360 divided by \$1800 = 20%	Debt Payments	\$ _____ divided by (Net) = ____%
Savings	\$180 divided by \$1800 = 10%	Savings	\$ _____ divided by (Net) = ____%

The suggested guidelines...
 To calculate what your amounts should be according to the suggested guidelines, multiply your net monthly income by the suggested percentage.

<u>Example</u>		<u>Guidelines Based on Your Income</u>	
Monthly Net Income	\$1,800	Monthly Net Income	\$ _____
Housing	\$1800 x 35% = \$630	Housing	\$ (Net) x 35% = \$ _____
Living Expenses	\$1800 x 35% = \$630	Living Expenses	\$ (Net) x 35% = \$ _____
Debt Payments	\$1800 x 20% = \$360	Debt Payments	\$ (Net) x 20% = \$ _____
Savings	\$1800 x 10% = \$180	Savings	\$ (Net) x 10% = \$ _____

Step 7 – Spending Plan Example

Pay date

Balance Status	Due Date	Monthly Payment	Item	6/13	Record Actual	6/27	Record Actual	7/11	Record Actual	7/25	Record Actual
		\$100	Savings	\$70		\$30		\$70		\$30	
	1 st	\$1,100	Mortgage			\$1,100				\$1,100	
		\$390	Periodic Expenses	\$440		\$10		\$440		\$10	
	15 th	\$80	Electricity	\$80				\$80			
	15 th	\$60	Cell Phone	\$60				\$60			
		\$425	Groceries	\$180		\$245		\$180		\$245	
		\$20	Pet Care	\$20				\$20			
		\$130	Entertainment/Dinner	\$45		\$65		\$45		\$65	
\$10,000	27 th	\$270	Auto Loan, 7%	\$270				\$270			
\$5,000	16 th	\$200	Auto Loan, 7.5%	\$200				\$200			
\$5,000	15 th	\$135	Visa, 11.9%	\$135				\$135			
\$500	5 th	\$20	Department Store, 21%			\$20				\$20	
\$1,200	5 th	\$30	Discount Store, 21%			\$30				\$30	
Account Holder's Payroll				\$1,000		\$1,000		\$1,000		\$1,000	
Joint Account Holder's Payroll				\$500		\$500		\$500		\$500	
Subtract Expenses				\$1,500		\$1,500		\$1,500		\$1,500	
Surplus/Deficit				\$0		\$0		\$0		\$0	

In this example, Periodic Expenses require depositing more money the first two months.

Entertainment/Dinner is reduced for the first two months to cover the costs of the Periodic Expenses.

Tips for a Successful Spending Plan

Set realistic financial goals

- Goals provide motivation for adhering to a spending plan
- Make your goals specific and defined
- Include your family; it creates unity

Establish a savings plan

- Attaining your goals depends on a savings plan
- Pay yourself first
- Save a minimum of 10%
- Use automatic payroll deduction

Distinguish between wants and needs

- Is the purchase necessary?
- What would change the need?
- What are the costs?
- Can you convert the want into a goal?

Record monthly expenses

- Track your spending
- Keep receipts
- How did you spend that ATM/Debit withdrawal?
- Review spending patterns for potential changes
- Hold yourself accountable for your own spending

Save for periodic expenses

- Plan for future, infrequent expenses (gifts, car tabs, etc.)
- Set aside money each month
- Pay for these items in cash
- Reduce amount placed on credit

Limit Debt

- No more than 20% of your net income
- Pay balances in full
- Shop with cash only

Keep accurate records

- Organize and file your bills after they are paid
- Balance your checkbook monthly
- Record ATM/Debit transactions immediately

Shop wisely

- Comparison shop
- Buy items on sale
- Use coupons
- Consult Consumer Reports for major purchases

Take care of your credit

- Check your credit report every year for free at www.annualcreditreport.com
- Make your payments on time
- Pay more than the minimum due
- Grow your credit knowledge at www.myfico.com and www.becu.org/seminars

Revisit your plan

- At least every six months
- Has your situation changed?
- Have unexpected expenses altered your plan?
- Have your goals changed?

Budget Planner Directions

These directions will guide you in creating your own spending plan.

Step 1 – Review your goals and find out where your money goes

Set your financial goals and make them realistic. If they are large, break them down to make them less intimidating.

- If you are part of a family or couple that shares expenses, define your goals as a team. Define goals using “needs” as a first priority and “wants” as a second priority.
- Create a spending journal. Track your actual spending for 30 days. Record all expenses including those under a dollar and those made on credit.
- Gather the following information:
 - One full month of paystubs for an accurate record of income; do not include overtime.
 - All expenses that occur periodically throughout the year.
 - Check register or receipts.
 - Billing statements. Note due dates, interest rates, monthly payments, balances, and yearly fees.

Step 2 – Income and assets

Fill in information about yourself, your partner (if applicable), and your assets (include other things of value such as collections, antiques, etc.). Be as complete and accurate as possible.

Step 3 –Basic monthly expenses

Fill in the amounts that you spend each month on the different categories in the column labeled “Monthly Payment,” and the due date (if applicable) in the appropriate column.

- Be as accurate as possible. Do not make cutbacks at this point. Record only what you actually spend. (If necessary, cutbacks are made after Step 6.)
- If you pay your credit cards in full each month, itemize the purchases that you put on credit in the appropriate categories.
- After filling out the form, total the amounts from the “Monthly Payment” columns.

Step 4 –Periodic expenses

A periodic expense is any expense that is not paid every month, but occurs once a year or more (e.g., car tabs, birthdays, holidays, car maintenance, etc.).

- Fill in the amounts that you expect to spend each month on periodic expenses. After this is completed, total each month’s expenses, and write the total on the bottom row of each month’s column.
- Once each month is totaled, calculate the totals for the entire year. Divide this figure by 12. This is the minimum amount you will need to save to pay for these expenses in cash.
- In months where periodic expenses are larger than the minimum amount you have set aside, it will be necessary to adjust your spending plan accordingly. The “Calculation” section in Step 4 will assist you in this process by identifying the months where this will occur, and the additional amounts you will be required to set aside. It is important for you to make these adjustments rather than relying on credit to cover the expenses.

Step 5 –Outstanding financial obligations

List all revolving credit accounts and/or installment loans on which you carry a balance. Include all accounts (e.g., credit cards, personal loans, car loans, loans from friends and relatives, payday loans, and collection accounts).

- Fill in the creditor, balance, monthly payment, due date, and interest rate.
 - Do *not* include mortgage payments for your primary residence. (These are listed in Step 3.)
 - Do include a second mortgage, home equity loan or mortgage for a second home.
- Only list the minimum payments required for each.
- Once completed, total the “Balance” and “Monthly Payment” columns.

Step 6 – Spending worksheet

- Fill in your net monthly income amount in the first row (this is the amount paid to you after taxes and other deductions like 401(k) plans, medical monthly payments, etc.). Do not include overtime or bonuses. They are rarely guaranteed.
- Transfer the amounts that you noted from Steps 3, 4, and 5 to the appropriate rows and then subtract those amounts from your net income. If you have a surplus, you may want to apply it towards outstanding debt and/or savings. If you have a deficit, make cutbacks on your expenses until the deficit is reduced to zero.

Step 7 – Spending plan

This is where all your hard work comes together. See page 11 with Mr. and Mrs. Member's example spending plan for a model of the following instructions.

1. List the dates of your paychecks across the top row.
2. Find the "Payroll" row; in the "Pay Day" column, write the amount of net income received.
3. In the "Item" column list the categories that you spend your money on each month. Remember your periodic expenses and also list monthly financial obligations separately.
4. In the "Monthly Payment" column list the amount you spend monthly for each item.
5. If applicable, fill in the "Balance Status" and "Due Date" columns.
6. Identify what payments must be made from each check.
 - List those items in the columns of the paychecks that come before their actual due date (e.g., \$1,100 mortgage is due on the first of the month, \$1,100 comes from the 6/27 paycheck).
 - Break up larger expenses (e.g. groceries are \$425 per month, \$180 comes from the paycheck on 6/13 and \$245 from the paycheck on 6/27).

Name: Mr. & Mrs. Member

Balance Status	Due Date	Monthly Payment	Item	6/13	Record Actual	6/27	Record Actual	7/11	Record Actual	7/25	Record Actual
		\$100	Savings	\$100				\$100		\$30	
	1 st	\$1,100	Mortgage			\$1,100				\$1,100	
		\$390	Periodic Expenses	\$450				\$450			
		\$425	Groceries	\$425				\$425			
		\$130	Entertainment/ Dinner	\$45		\$65		\$45		\$65	
	15 th	\$20	Dept. Store Credit Card			\$20				\$20	
		\$815	All other Expenses	\$765		\$30		\$765		\$30	
			Payroll	\$1,000		\$1,000		\$1,000		\$1,000	
			Payroll	\$500		\$500		\$500		\$500	
			Subtract Expenses	\$1,785		\$1,215		\$1,785		\$1,500	
			Surplus/Deficit	-\$285		\$285		-\$285		\$285	

7. Subtract "Expenses" from "Payroll" for each pay period.
8. If you have a pay period with a deficit, recalculate and regroup expenses. See example.

Name: Mr. & Mrs. Member

Balance Status	Due Date	Monthly Payment	Item	6/13	Record Actual	6/27	Record Actual	7/11	Record Actual	7/25	Record Actual
		\$100	Savings	\$70		\$30		\$70		\$30	
	1 st	\$1,100	Mortgage			\$1,100				\$1,100	
		\$390	Periodic Expenses	\$440		\$10		\$440		\$10	
		\$425	Groceries	\$180		\$245		\$180		\$245	
		\$130	Entertainment/ Dinner	\$45		\$65		\$45		\$65	
	15 th	\$20	Dept. Store Credit Card			\$20				\$20	
		\$815	All other Expenses	\$765		\$30		\$765		\$30	
			Payroll	\$1,000		\$1,000		\$1,000		\$1,000	
			Payroll	\$500		\$500		\$500		\$500	
			Subtract Expenses	\$1,785		\$1,215		\$1,785		\$1,500	
			Surplus/Deficit	-\$285		\$285		-\$285		\$285	

9. In the above example, the periodic expenses for June and July were more than the minimum; cutbacks were made in groceries, entertainment/dinner, pet care, etc. Other items were also split up throughout the month to ensure each paycheck would cover all the expenses.