

MAKE A PLAN

A monthly spending and savings plan, or budget, will tell you how much you have to spend, where you're spending it and what changes you need to make in order to meet your spending and savings goals. Customize it to meet your needs and resources—your plan won't look like anyone else's. Remember, a spending and savings plan is flexible. When your life changes, it will too.

A Quick Look at How to Use a Monthly Spending and Savings Plan

Using the form on pages 4 and 5:

1. Estimate all monthly income and enter under "Planned."
2. Estimate all monthly expenses and enter under "Planned."
3. Track all income and spending each month. At the end of the month, enter the totals for each category under "Actual."
4. At the end of every month, fill in the "Difference" column by subtracting the actual amounts from the planned ones to see exactly where you've over- or under-spent and whether or not all your expected income came in.
5. Evaluate and revise your plan. In a few months, you'll see where your money's going. Are you spending too much and saving too little? If so, where could you trim expenses?

Three Kinds of Expenses

There are three kind of expenses: Fixed, Periodic and Variable. These categories can help you plan for and track every expense, no matter how small or infrequent. The success of your spending and savings plan depends on being thorough.

Fixed expenses occur every month and do not change much. For many people, these may be fixed expenses:

Rent/Mortgage	Water	Internet
Car Payments	Telephone	Cable
Day Care/Elder Care	Cell Phone	Health Insurance
Loan Payments	Savings	Retirement Contributions

Periodic expenses occur less frequently than once a month. For most people, these are usually periodic expenses:

Life Insurance	Property Taxes/Insurance	Tuition
Car Insurance	Quarterly Taxes	

Variable expenses change from month to month. For many people, these may be variable expenses:

Medical Expenses	Car Repairs	Laundry
Groceries	Transportation	Personal Care
Meals Out	Home Maintenance	Books/Newspapers/ Magazines
Gas	Household Furnishings	Travel/Vacations
Oil	Clothing	Entertainment
Electricity	Pets	

Tip

Keep good financial records. It will help keep you on track with reaching your financial goals. Records you should keep include pay stubs, W-2 forms, credit card and bank statements, home and property records, medical records, insurance records, and receipts for large purchases and donations. Records should be kept for a minimum of three years. Remember to store your records in a safe place.

Which Category?

Not everyone's expenses can be categorized the same way. For example, if you buy a monthly train pass, transportation is a fixed expense; if you're paying for gas and tolls, it's variable. Use these categories in a way that makes sense to you. And remember, every category may have expenses that can be trimmed.

For Fixed and Periodic Expenses

1. To calculate average monthly spending for fixed expenses that change, add up six months of expenses and divide by six.
2. For periodic expenses, add up a full year's worth and divide by 12.

MONTHLY SPENDING AND SAVINGS PLAN

Use this form to create your own monthly spending and savings plan. Fill in any expenses listed on page 1 that apply to you and any other expenses not listed. Add other sources of income, too.

Month _____, Year _____

Income	Planned	Actual	Difference
Job 1 Net Income			
Job 2 Net Income			
Commissions/ Tips/Bonuses			
Unemployment/ Disability			
Retirement/Pension			
Child Support/ Alimony			
Social Security			
Interest/Dividends			
Scholarships/ Financial Aid			
Rental Income			
Gifts			
Total Income			

Fixed Expenses	Planned	Actual	Difference
Savings			
Rent/Mortgage			
Health Insurance			

DAILY TRACKER FOR VARIABLE EXPENSES

To make your spending and savings plan as useful as possible, you'll need to keep careful track of your spending. Variable expenses change from month to month, and you won't get a bill in the mail telling you how much you spent on, say, groceries and gas. You'll have to come up with the monthly totals yourself. Here's how:

A Family Affair

Give family members a tracker of their own. Or, have them track their spending in a notebook and share their results with you.

- Save all your receipts or carry a notebook or calendar around with you and write down every purchase you make, no matter how small.
- At the end of the day, total the amounts in each category and record them in the tracker.
- At the end of the week, total your spending in each category.
- Repeat this process for an entire month, and add up the amounts to find the monthly total.
- Once you've got your actual monthly totals, you can enter them in the "Actual" column of your "Monthly Spending and Savings Plan" (pp. 2-3).

The tracker has a few types of expenses to get you started. Add other types of expenses that apply to you. Use the blank form at home.

Item	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	Sun.	Total
Medical Expenses								
Groceries	\$28.37							
Meals Out		\$48.50						
Gas	\$32.46							
Transportation								
Car Repairs								

