

Income Sources (Form 3)

SOURCE	AMOUNT	PERIOD/DESCRIBE
Salary 1	_____	_____
Salary 2	_____	_____
Salary 3	_____	_____
Bonus	_____	_____
Self-Employment	_____	_____
Interest Income	_____	_____
Dividend Income	_____	_____
Royalty Income	_____	_____
Rents	_____	_____
Notes	_____	_____
Alimony	_____	_____
Child Support	_____	_____
AFDC	_____	_____
Unemployment	_____	_____
Social Security	_____	_____
Pension	_____	_____
Annuity	_____	_____
Disability Income	_____	_____
Cash Gifts	_____	_____
Trust Fund	_____	_____
Other_____	_____	_____
Other_____	_____	_____
Other_____	_____	_____
TOTAL	_____	_____

Monthly Cash Flow Plan (Instructions)

Every single dollar of your income should be allocated to some category on this form. When you're done, your total income minus expenses should equal zero. If it doesn't, then you need to adjust some categories (such as debt reduction, giving, or saving) so that it does equal zero. Use some common sense here, too. Do not leave things like clothes, car repairs, or home improvements off this list. If you don't plan for these things, then you're only setting yourself up for failure later.

Yes, this budget form is long. It's *really* long. We do that so that we can list practically every expense imaginable on this form to prevent you from forgetting something. Don't expect to put something on *every* line item. Just use the ones that are relevant to your specific situation.

Every main category on this form has subcategories. Fill in the monthly expense for each subcategory, and then write down the grand total for that category. Later, as you actually pay the bills and work through the month, use the "Actually Spent" column to record what you really spent in each area. If there is a substantial difference between what you budgeted and what you spent, then you'll need to readjust the budget to make up for the difference. If one category continually comes up over or short for two or three months, then you need to adjust the budgeted amount accordingly.

Use the "% Take Home Pay" column to record what percentage of your income actually goes to each category. Then, use the "Recommended Percentages" sheet (Form 6) to see if your percentages are in line with what we recommend.

Notes:

- An asterisk (*) beside an item indicates an area for which you should use the envelope system.
- The emergency fund should get all the savings until you've completed your full emergency fund of three to six months of expenses (Baby Step 3).
- Don't forget to include your annualized items from the "Lump Sum Payment Planning" sheet (Form 4), including your Christmas gift planning.

Monthly Cash Flow Plan (Form 5)

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
CHARITABLE GIFTS				
SAVING				
Emergency Fund				
Retirement Fund				
College Fund				
HOUSING				
First Mortgage				
Second Mortgage				
Real Estate Taxes				
Homeowner's Ins.				
Repairs or Mn. Fee				
Replace Furniture				
Other _____				
UTILITIES				
Electricity				
Water				
Gas				
Phone				
Trash				
Cable				
*FOOD				
*Grocery				
*Restaurants				
TRANSPORTATION				
Car Payment				
Car Payment				
*Gas and Oil				
*Repairs and Tires				
Car Insurance				
License and Taxes				
Car Replacement				
PAGE 1 TOTAL				

Monthly Cash Flow Plan (Form 5 – continued)

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
*CLOTHING				
*Children	_____		_____	
*Adults	_____		_____	
*Cleaning/Laundry	_____	_____	_____	_____
MEDICAL/HEALTH				
Disability Insurance	_____		_____	
Health Insurance	_____		_____	
Doctor Bills	_____		_____	
Dentist	_____		_____	
Optometrist	_____		_____	
Medications	_____	_____	_____	_____
PERSONAL				
Life Insurance	_____		_____	
Child Care	_____		_____	
*Baby Sitter	_____		_____	
*Toiletries	_____		_____	
*Cosmetics	_____		_____	
*Hair Care	_____		_____	
Education/Adult	_____		_____	
School Tuition	_____		_____	
School Supplies	_____		_____	
Child Support	_____		_____	
Alimony	_____		_____	
Subscriptions	_____		_____	
Organization Dues	_____		_____	
Gifts (incl. Christmas)	_____		_____	
Miscellaneous	_____		_____	
*Blow Money	_____	_____	_____	_____
PAGE 2 TOTAL		_____	_____	

Monthly Cash Flow Plan (Form 5 – continued)

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
RECREATION				
*Entertainment	_____		_____	
Vacation	_____	_____	_____	_____
DEBTS (Hopefully -0-)				
Visa 1	_____		_____	
Visa 2	_____		_____	
Master Card 1	_____		_____	
Master Card 2	_____		_____	
American Express	_____		_____	
Discover Card	_____		_____	
Gas Card 1	_____		_____	
Gas Card 2	_____		_____	
Dept. Store Card 1	_____		_____	
Dept. Store Card 2	_____		_____	
Finance Co. 1	_____		_____	
Finance Co. 2	_____		_____	
Credit Line	_____		_____	
Student Loan 1	_____		_____	
Student Loan 2	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____		_____	
Other _____	_____	_____	_____	_____
PAGE 3 TOTAL		_____	_____	
PAGE 2 TOTAL		_____	_____	
PAGE 1 TOTAL		_____	_____	
GRAND TOTAL		_____	_____	
TOTAL HOUSEHOLD INCOME		_____		
		ZERO		

Debt Snowball (Instructions)

Now it's time to knock out that debt! List your debts in order, from the smallest balance to the largest. Don't be concerned with interest rates, unless two debts have a similar payoff balance. In that case, list the one with the higher interest rate first. As you start eliminating debts, you'll start to build some serious momentum. These quick wins will keep you motivated, so you'll be able to stay on track.

The idea of the snowball is simple: pay minimum payments on all of your debts except for the smallest one. Then, attack that one with gazelle intensity! Every extra dollar you can get your hands on should be thrown at that smallest debt until it is gone. Then, you attack the second one. Every time you pay a debt off, you add its old minimum payment to your next debt payments. So, as the snowball rolls over, it picks up more snow. Get it?

Redo this sheet every time you pay off a debt so that you can see how close you're getting to total debt freedom. Keep the old sheets for encouragement—or to wallpaper the bathroom in your debt-free house someday!

The "New Payment" is the total of the previous debt's payment PLUS the current debt's minimum. As these payments compound, you'll start making huge payments as you work down the list. To factor in interest rates and calculate the exact date you will become DEBT FREE, use our online debt snowball tool at daveramsey.com/fpumember (available throughout your 13-week FPU class).

Allocated Spending Plan (Instructions)

Now that you've already planned out the entire month on the "Monthly Cash Flow Plan" (Form 5), let's get just a little bit more precise. On this form, you will allocate—or spend—all of your money from each individual pay period.

There are four columns on this form, representing the four weeks in a given month. You will use one column for each week you get paid. If you are married and your spouse earns an income, then you will both use this same form. For weeks in which you both receive a paycheck, simply add those two incomes together and use a single column. Be sure to write the pay date at the top of the column.

Now, go down the list and allocate each expense to a specific payday, using your bills' due dates as a guide. For example, if your phone bill is due on the 22nd and you get paid on the 15th and 30th, then you know that you would probably pay that bill from your income on the 15th. Some things, like utility bills, will be paid monthly, while other items, such as food and gasoline, could be weekly. The point here is to anticipate both your upcoming expenses and your upcoming income and plan accordingly.

Beside each line item, you'll see two blanks separated by a slash (/). Put the expense to the left of the slash and the remaining income from that pay period to the right of the slash. As you work your way down the column, the income remaining should diminish until you reach a perfect zero at the bottom of the list. If you have money left over at the end of the column, go back and adjust an area, such as savings or giving, so that you spend every single dollar.

This level of detail may be uncomfortable to you at first, but the payoff is worth it. By specifically "naming" every dollar before you actually get it in your hands, you will remove an incredible amount of stress and curb your overspending.

NOTES:

- If you have an irregular income, such as self-employment or commissions, you should use the "Irregular Income Planning" sheet (Form 8) instead of this "Allocated Spending Plan."
- If you know that you have an impulse spending problem, then you may want to allocate more money to the "Blow" category. That way, you are at least planning for it and setting up some boundaries for yourself.
- An asterisk (*) beside an item indicates an area for which you should use the envelope system.

Allocated Spending Plan (Form 7)

PAY PERIOD:

___/___ ___/___ ___/___ ___/___

ITEM:

INCOME

___/___ ___/___ ___/___ ___/___

CHARITABLE

___/___ ___/___ ___/___ ___/___

SAVING

Emergency Fund

___/___ ___/___ ___/___ ___/___

Retirement Fund

___/___ ___/___ ___/___ ___/___

College Fund

___/___ ___/___ ___/___ ___/___

HOUSING

First Mortgage

___/___ ___/___ ___/___ ___/___

Second Mortgage

___/___ ___/___ ___/___ ___/___

Real Estate Taxes

___/___ ___/___ ___/___ ___/___

Homeowner's Ins.

___/___ ___/___ ___/___ ___/___

Repairs or Mn. Fees

___/___ ___/___ ___/___ ___/___

Replace Furniture

___/___ ___/___ ___/___ ___/___

Other _____

___/___ ___/___ ___/___ ___/___

UTILITIES

Electricity

___/___ ___/___ ___/___ ___/___

Water

___/___ ___/___ ___/___ ___/___

Gas

___/___ ___/___ ___/___ ___/___

Phone

___/___ ___/___ ___/___ ___/___

Trash

___/___ ___/___ ___/___ ___/___

Cable

___/___ ___/___ ___/___ ___/___

*FOOD

*Grocery

___/___ ___/___ ___/___ ___/___

*Restaurants

___/___ ___/___ ___/___ ___/___

Allocated Spending Plan (Form 7 – continued)

TRANSPORTATION

Car Payment	___/___	___/___	___/___	___/___
Car Payment	___/___	___/___	___/___	___/___
*Gas and Oil	___/___	___/___	___/___	___/___
*Repairs and Tires	___/___	___/___	___/___	___/___
Car Insurance	___/___	___/___	___/___	___/___
License and Taxes	___/___	___/___	___/___	___/___
Car Replacement	___/___	___/___	___/___	___/___

*CLOTHING

*Children	___/___	___/___	___/___	___/___
*Adults	___/___	___/___	___/___	___/___
*Cleaning/Laundry	___/___	___/___	___/___	___/___

MEDICAL/HEALTH

Disability Insurance	___/___	___/___	___/___	___/___
Health Insurance	___/___	___/___	___/___	___/___
Doctor	___/___	___/___	___/___	___/___
Dentist	___/___	___/___	___/___	___/___
Optometrist	___/___	___/___	___/___	___/___
Medications	___/___	___/___	___/___	___/___

PERSONAL

Life Insurance	___/___	___/___	___/___	___/___
Child Care	___/___	___/___	___/___	___/___
*Baby Sitter	___/___	___/___	___/___	___/___
*Toiletries	___/___	___/___	___/___	___/___
*Cosmetics	___/___	___/___	___/___	___/___
*Hair Care	___/___	___/___	___/___	___/___
Education/Adult	___/___	___/___	___/___	___/___
School Tuition	___/___	___/___	___/___	___/___
School Supplies	___/___	___/___	___/___	___/___
Child Support	___/___	___/___	___/___	___/___

Breakdown of Savings (Form 9)

After you have fully funded your emergency fund, you can start to save for other items, such as furniture, car replacement, home maintenance, or a vacation. This sheet will remind you that every dollar in your savings account is already committed to something. For example, it's a bad idea to take money away from car repairs to pay for an impulse Hawaiian vacation, even if you pay cash for it. What would you do if the car broke down the week you got back home? However, it can be okay to reassign the dollars to another category, as long as you do it on purpose and it doesn't put you in a pinch in another category. Keep up with your breakdown of savings every month, one quarter at a time.

Item	Balance By Month		
	_____	_____	_____
Emergency Fund (1) \$1,000	_____	_____	_____
Emergency Fund (2) 3-6 months	_____	_____	_____
Retirement Fund	_____	_____	_____
College Fund	_____	_____	_____
Real Estate Taxes	_____	_____	_____
Homeowner's Insurance	_____	_____	_____
Repairs or Mn. Fee	_____	_____	_____
Replace Furniture	_____	_____	_____
Car Insurance	_____	_____	_____
Car Replacement	_____	_____	_____
Disability Insurance	_____	_____	_____
Health Insurance	_____	_____	_____
Doctor	_____	_____	_____
Dentist	_____	_____	_____
Optometrist	_____	_____	_____
Life Insurance	_____	_____	_____
School Tuition	_____	_____	_____
School Supplies	_____	_____	_____
Gifts (incl. Christmas)	_____	_____	_____
Vacation	_____	_____	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____
TOTAL	_____	_____	_____

Irregular Income Planning (Instructions)

Many people have an “irregular” income, which simply means that their compensation fluctuates from month to month. This is especially common for the self-employed, as well as commission-based salespeople. While this makes it more difficult to predict your income, you are still responsible for doing a monthly budget!

The “Monthly Cash Flow Plan” (Form 5) should remain a crucial part of your plan, as it lays out exactly how much money you need to bring home each month to survive and prosper. However, instead of doing the “Allocated Spending Plan” (Form 7), you will use this “Irregular Income Planning” sheet.

On this form, simply look at the individual items from your “Monthly Cash Flow Plan” sheet and prioritize them by importance. Ask yourself, “If I only have enough money to pay one thing, what would that be?” Put that at the top of your list. Then, ask yourself, “If I only have enough money to pay one more thing, what would that be?” That’s number two. Keep this up all the way down the list.

With your list in place, you’re ready to get paid. If you get a \$1,500 paycheck, you will spend that \$1,500 right down the list until it is gone, recording the cumulative amount spent in the “Cumulative Amount” column. At that point, you’re finished spending, no matter what remains unpaid on the list. That’s why the most important things are at the top of the list, right?

Be prepared to stand your ground. Things usually have a way of seeming *important* when they are only *urgent*. For example, a once-in-a-lifetime opportunity to see your favorite band perform live may seem *important*, but in reality, it is only *urgent*, meaning that it is time-sensitive. Urgency alone should not move an item to the top of this list!

