



# Financial Skills Education

## Developing a Spending Plan

### Why a Spending Plan?

Anyone who has ever gone on a diet knows that they usually don't work. Short-term adjustments and short-term gains are great. However, if you want to take charge of your future, you need a lifestyle change. That starts with a plan. A budget is like a diet telling you what you can and can't eat without the long-term perspective. It is necessary for the month-to-month, but you need a plan that will guide you through months and years to your future.

### How do I get started?

When it's time to develop your spending plan, you will first review your expenses using the forms on the next page and then consider how you can cut those expense. Work those numbers into a plan that is realistic for the long term. Although your plan will go month-by-month, you need to consider short and long term changes to income and expenses.

### What should I include?

Start with a budget for one month. If you have a variable income, you may need to start with a larger period of time. Incorporate all of your expenses including a monthly allotment for annual expenses such as gifts, taxes, and travel.

Strive for what is called a "zero-based budget." This means you allocate every dollar of your income. Start with your spending priorities:

1. Housing (including utilities)
2. Food
3. Transportation
4. Clothing
5. Childcare
6. Medical expenses such as prescription drugs

Any leftover income beyond these basic expenses can be allocated towards savings, debt relief, and annual spending goals. You also need to consider short and long-term goals such as education costs, saving to purchase a home or other goals that are consistent with your values.

If you have a budget shortfall even after you've made spending cuts, consider what other means may be available to you for financial assistance such as a food pantry, childcare subsidies, or rental assistance. Skyline's housing counselors can help you access these resources.

If you have trouble identifying goals or how to cut back on expenses, contact one of Skyline's housing counselors for assistance.

You were born to win, but to be a winner, you must plan to win, prepare to win, and expect to win.

~Zig Ziglar

## Estimate Your Expenses

The first step in taking control of your finances is to figure out what is happening to your money. Begin this process estimating your income and expenses using this basic worksheet. Fill out the first column "Expected per Month." Then, over the next month, keep track of your expenses. At the end of the month, return to this table to report "Actual per Month."

### Step 1: Identifying Expenses

Sources	Expected per month	Actual per month
Rent or Mortgage Payment		
Utilities (heat, electricity, water)		
Telephone and/or cell phone		
Groceries		
Transportation		
Tuition or other education fees		
Insurance (car, health, home)		
Child care, Program Fees, Other Activities		
Child support and/or Alimony		
Personal and Household Items		
Snacks/meals eaten out		
Clothes		
Charitable donations		
Credit cards and other loans		
Entertainment		
Internet, cable, TV		
Bank Fees		
Vacation/Travel		
Other		
Other		
<b>Total Monthly Expenses</b>		

**Step 2: Listing Income**

Sources	Expected per month	Actual per month
After-tax wages		
After-tax wages from others in household		
Tips or bonuses		
Child support		
Alimony		
Public assistance		
Food stamps		
Social Security or SSI		
Interest on a savings account		
Tax refunds		
Other		
Other		
<b>Total Monthly Income</b>		

**Step 3: Comparing Income and Expenses**

	Expected per month	Actual per month
Your total monthly income		
Your total monthly expenses		
<b>Subtract expenses from income and list amount here</b>		

If you're anxious to get started, you can piece together some of the information by reviewing old bank statements, bills, and your check registry. However, you still need to track your expenses. Over the next month, write down everything you spend using the format below.

Day	Time	Purchase	\$ Amount	Need or Want?

# Sample Spending Plan Worksheet

When you put your spending plan together, be realistic based on what you know you spend, but make changes to your spending to reflect what is most important to you. In order to gain cooperation, consult everyone in the household to determine priorities before completing your spending.

## NET MONTHLY INCOME

Source 1	
Source 2	
Source 3	
Source 4	
Other Income	
<b>Total Income (A)</b>	

## FIXED EXPENSES

Rent/Mortgage	
Electric	
Gas/Oil	
Water/Sewer	
Telephone	
Cellular Telephone	
Trash	
Cable	
Auto Payment 1	
Auto Payment 2	
Auto Insurance	
Life Insurance	
Home Insurance	
Child Support/Alimony	
Medical Insurance	
Child Care/Other Activities	
Other	
<b>Total (B)</b>	

## CREDITOR PAYMENTS

Installment Loan 1	
Installment Loan 2	
Credit Card 1	
Credit Card 2	
Credit Card 3	
Credit Card 4	
Student Loan 1	
Student Loan 2	
<b>Total (C)</b>	

## FLEXIBLE EXPENSES

Savings	
Groceries	
Lunch (school/work)	
Eating out	
Entertainment	
Hobbies	
Laundry/Dry Cleaning	
Clothing	
Gasoline/Bus/Taxi	
Newspaper	
Magazine Subscriptions	
Alcohol/Cigarettes	
Church/Charitable Giving	
School Tuition/Books	
Barber/Beauty Shop	
Auto Maintenance	
Home Maintenance	
Doctor	
Dentist	
Pet Care (food/vet)	
Parking/Tolls	
Other	
Other	
Other	
<b>Total (D)</b>	

## TOTAL EXPENSES

Total B	
Total C	
Total D	
<b>Total Expenses (E)</b>	

## THE FINAL PICTURE

Total Income (A)	
Total Expenses (E)	
<b>Difference (+ or -)</b>	

If you accounted for all of your expenses, including savings, your difference should be \$0.00. If you come up with a positive number, you may want to consider allocating the extra money toward your debt and/or savings. If you come up with a negative number, you are spending more than you make. Review the budget thoroughly to examine where you can trim your expenses. Line items highlighted are a good starting point for eliminating or decreasing expenses.