



AMERICAN FINANCIAL SOLUTIONS

How to Use Your Budget Worksheet

1. Before you start to complete your budget, gather together all of your bills, loan cards and pay stubs from all sources of income. Don't forget to include any social security income, child support and retirement pay if appropriate.
2. Grab a calculator and a calendar to record payment dates.
3. Fill in the total monthly net income for each family member contributing to the household budget. Net income is what you receive each pay period after deductions have been made for federal income tax, state income tax and social security and Medicare contributions.
4. Complete each expense section of the budget form by referring to your bills and estimating amounts for items like home repairs, groceries etc.
5. Some of these items will be monthly costs, others will occur occasionally but enough should be set aside monthly to cover these expenses when they arise. A good example of this is car repairs.
6. Adapt the budget form to meet your own specifications – not all items listed will apply to you and you may need to add some items specific to your situation.
7. Total up all of your expenses.
8. Deduct your total monthly expenses from your total monthly net income.
(Total Monthly Net Income - Total Monthly Expenses = Surplus or Deficit)
9. If the result is positive, you have a surplus and can start to save towards your financial goals.
10. If the result is negative, you are going into debt and will have to make some adjustments in order to balance your budget.
11. Consider keeping a spending diary for the next month. At the end of each day record everything you spent money on and how much. This will accurately show you where your money is going. At the end of the month, go through your spending diary and determine which items were NEEDS and which were WANTS. A need is something we must have to survive, a want is something that adds enjoyment to life but is not essential. How much money could you have saved by eliminating the WANTS?



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12. The percentages listed in the Comments section of the budget form are Spending guidelines from the Department of Labor Consumer Expenditure Survey. These are only guidelines and will vary from family to family. As you can see, in most households housing, transportation and food use up about 2/3 of the family budget leaving about 1/3 for all other expenses
13. If you have a deficit, the first step you must take is to try to decrease expenses. There are three types of expenses:

Fixed Expenses, Flexible Expenses and Luxury Expenses

a. Fixed Expenses:

These are expenses that rarely change such as:

- Rent/mortgage
- Car payments
- Loans

b. Flexible Expenses:

These are monthly costs that you control such as:

- Groceries
- Long distance and cell phone bills
- Utilities
- Gas
- Car maintenance
- Credit card payments
- Savings

you can decrease these expenses in many ways. Make a shopping list and stick to it; shop the grocery store sales, make fewer and shorter long distance calls; turn off the lights and turn down the thermostat; do all your shopping in one day hence saving gas; keep your car well maintained and you will save gas.

c. Luxury Expenses:

These are the costs that you choose to spend money on (Wants):

- New clothes
- Eating out
- Entertainment
- Gifts

these should be the first expenses that you reduce or eliminate in your budget if you have no disposable income or a deficit.



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If you would like assistance from a financial counselor with your budget, please call 1-888-282-5495 and we will be happy to assist you. I also recommend you take our on line class on Setting Financial Goals and Creating a Budget.