MAJOR COMPONENTS OF A HEALTHY FINANCIAL PLAN

	<u> Action Needed Action</u>
<u>Date</u>	
Written Cash Flow Plan	
Will and/or Estate Plan	
Debt Reduction Plan	
Tax Reduction Plan	
Emergency Funding	
Retirement Funding	
College Funding	
Charitable Giving	
Teach My Children	
Life Insurance	
Health Insurance	
Disability Insurance	
Auto Insurance	
Homeowners Insurance	
<i>I</i> , ,	a responsible adult, do hereby swear to
	actions by the above stated dates to
	ell-being of my family and myself.
(Copy to Spouse)	
Signed:	Date:

INCOME SOURCES

SOURCE	<u>AMOUNT</u>	PERIOD /DESCRIBE
Salary 1		
Salary 2		
Salary 3		
Bonus		
Self-Employment		
Interest Income		
Dividend Income		
Royalty Income		
Rents		
Notes		
Alimony		
Child Support		
AFDC 11		
Unemployment		
Social Security		
Pension		
Annuity		
Disability Income		
Cash Gifts		
Trust Fund		
Other		
Other		
Other		
TOTAL		

LUMP SUM PAYMENT PLANNING

Payments you make on a NON monthly basis can be budget busters, if not planned for. So we are converting them to a monthly basis for you to use on Sheet 5 where you will set money aside monthly to avoid strain or borrowing when these events occur. If an item here is already paid monthly enter NA. If you make a payment quarterly then annualize it for this sheet.

ITEM	ANNUAL		MONTHLY
<u>NEEDED</u>	AMOUNT		AMOUNT
Real Estate Taxes		<i>/ 12</i> =	
Homeowners Insurance		<i>/ 12</i> =	
Home Repairs		<i>/ 12</i> =	
Replace Furniture		<i>/ 12</i> =	
Medical Bills		<i>/ 12</i> =	
Health Insurance		<i>/ 12</i> =	
Life Insurance		<i>/ 12</i> =	
Disability Insurance		<i>/ 12</i> =	
Car Insurance		<i>/ 12</i> =	
Car Repair/Tags		<i>/ 12</i> =	
Replace Car		<i>/ 12</i> =	
Clothing		<i>/ 12</i> =	
Tuition		<i>/ 12</i> =	
Bank Note		<i>/ 12</i> =	
IRS (Self-Employed)		<i>/ 12</i> =	
Vacation		<i>/ 12</i> =	
Gifts(inc. Christmas)		<i>/ 12</i> =	
Other		<i>/12</i> =	

INSTRUCTIONS

SHEET 5

Every dollar of your income should be allocated to some category on this sheet. Money "left over" should be put back into a category even if you make up a new category. You are making the spending decisions ahead of time here. Almost every category (except debt) should have some dollar amount in it. Example: If you do not plan to replace the furniture, when you do replace it you will cause strain or borrowing, so go ahead and plan now by saving. I have actually had people tell me that they can do without clothing. Oh come ON!! Be careful in your zeal to make the numbers work that you don't substitute the urgent for the important.

Fill in the amount for each subcategory under "Subtotal" and then the total for each main category under "Total." As you go through your first month, fill in the "Actually Spent" column with your real expenses or the saving you did for that area. If there is a substantial difference in the plan versus the reality something has to give. You will either have to adjust the amount allocated to that area up and another down or you will have to better control your spending in that area.

"%Take Home Pay" is percentage of take home pay or what percentage of your total take home pay did you spend on "Housing", as an example. We will then compare your percentages with those on Sheet 6 to determine if you need to consider adjusting your lifestyle.

- * beside an item means you should use the "envelope system"
- (1) Emergency Fund should get ALL the savings until 3-6 months of expenses have been saved.

Note: Savings should be increased as you get closer to being debt free.

Hint: By saving early for Christmas and other gifts, you can get great buys and give better gifts for the same money.

MONTHLY CASH FLOW PLAN

Budgeted	Sub		Actually	% of Take
<u>Item</u>	Total	TOTAL	Spent	Home Pay
CHARITABLE GIFTS				
SAVING				
Emergency Fund(1)				
Retirement Fund				
College Fund				
HOUSING				
First Mortgage				
Second Mortgage				
Real Estate Taxes				
Homeowners Ins.				
Repairs or Mn. Fee				
Replace Furniture				
Other				
UTILITIES				
Electricity				
Water				
Gas				
Phone				
Trash				
Cable				
*F00D				
*Grocery				
*Restaurants				
TRANSPORTATION				
Car Payment				
Car Payment				
*Gas and Oil				
*Repairs and Tires				
Car Insurance				
License and Taxes				
Car Replacement				
PAGE 1 TOTAL	-			

SHEET 5 CONTINUED

SHEET 5 CONTINUED				
Budgeted	Sub		Actually	% of Take
<u>Item</u>	<u>Total</u>	<u>TOTAL</u>	Spent	Home Pay
*CLOTHING				
*Children				
*Adults				
*Cleaning/Laundry				
MEDICAL/HEALTH				
Disability Insurance				
Health Insurance				
Doctor Bills				
Dentist				
Optometrist				
Drugs				
PERSONAL				
Life Insurance				
Child Care				
*Baby Sitter				
*Toiletries				
*Cosmetics				
*Hair Care				
Education/Adult				
School Tuition				
School Supplies				
				
Child Support				
Alimony Subscriptions				
Subscriptions Organization Dues				
Gifts (inc. Christmas)				
Miscellaneous				
*BLOW \$\$				
PAGE 2 TOTAL	·		·	
I AGE 2 I OTAL				

SHEET 5 CONTINUED Sub **Budgeted** Actually % of Take **Total** TOTAL Spent Home Pay Item RECREATION *Entertainment Vacation DEBTS (Hopefully -0-) Visa 1 Visa 2 MasterCard 1 MasterCard 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**

ZERO

-TOTAL INCOME

ZERO

RECOMMENDED PERCENTAGES

I have used a compilation of several sources and my own experience to derive the suggested percentage guidelines. However, these are only recommended percentages and will change dramatically if you have a very high or very low income. For instance, if you have a very low income, your necessities percentages will be high. If you have a high income your necessities will be a lower percentage of income and hopefully savings (not debt) will be higher than recommended.

<u>ITEM</u>	ACTUAL %	RECOMMENDED %
CHARITABLE GIFTS		10-15%
SAVING		5-10%
HOUSING		25 -35%
UTILITIES		5-10%
FOOD		5-15%
TRANSPORTATION		10-15%
CLOTHING		2-7%
MEDICAL/HEALTH		5-10%
PERSONAL		5-10%
RECREATION		5-10%
DEBTS		5-10%

INSTRUCTIONS

SHEET 7

This sheet is where all your work thus far starts giving you some peace. You will implement Sheet 5 information from theory into your life by using Sheet 7. Note: If you have an irregular income, like self-employment or commissions, you should use Sheet 8, after reviewing Sheet 7.

There are four columns to distribute as many as four different incomes within one month. Each column is one pay period. If you are a one-income household and you get paid two times per month then you will only use two columns. If both of you work and one is paid weekly and the other every two weeks, add the two paychecks together on the weeks you both get a paycheck, while just listing the one paycheck on the other two. Date the pay period columns then enter the income for that period. As you allocate your paycheck to an item, put the remaining balance to the right of the slash. Income for period 3-1 in our example is \$1,000 and we are allocating \$100 to Charitable Giving leaving \$900 to the right of the slash in that same column. Some bills will come out of each pay period and some only on selected pay periods. As an example, you may take "Car Gas" out of every paycheck, but pay the electric bill from period 2. You already pay some bills or payments out of designated checks, only now you pay all things from designated checks.

The whole point to this sheet, which is the culmination of all your monthly planning, is to allocate or "spend" your whole paycheck before you paid. I don't care where you allocate your money, but allocate all of it before you get your check. Now all the tense, crisis-like symptoms have been removed because you planned. No more management by crisis or impulse. Those who tend to be impulsive, just allocate more to the "Blow" category. At least you are now doing it on purpose and not by default. The last blank that you make an entry in should have a 0 to the right of the slash, showing you have allocated your whole check.

- * Beside an item means you should use the "envelope system"
- (1) Emergency Funs should get ALL the savings until 3-6 months of expenses have been saved.

<u>SA</u>	MPLE ALL	OCATEL 1	SPEND.	ING PLAN
PAY PERIOD:	<u>3-1</u>			
<u>ITEM</u>				
INCOME	<i>\$1000</i>			
CHARITABLE GIFTS	<u>100/900</u>	/	/	/
SAVING				
Emergency Fund(1)	<i>50/850</i>	/	/	/
Retirement Fund	/	/	/	/
College Fund	/	/	/	/
HOUSING				
First Mortgage	<i>725/125</i>	/	/	/

ALLOCATED SPENDING PLAN

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

2015	The	Vision	Church	

Miscellaneous *BLOW \$\$

Alimony

Subscriptions

Organization Dues

Gifts (inc.Christmas) ____

SHEET 7 CONTINUED

RECREATION				
*Entertainment	/	/	/	/
Vacation _	/	/	/	/
DEBTS (Hopefully -0-)				
Visa 1	/	/	/	/
Visa 2	/	/	/	/
MasterCard 1	/	/	/	/
MasterCard 2	/	/	/	/
American Express _	/	/	/	/
DiscoverCard	/	/	/	/
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	/	/	/	/
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Other	/	/	/	/

IRREGULAR INCOME PLANNING

Many of us have irregular incomes. If you are self-employed as I am or work on commission or royalties, then planning your expenses is difficult since you cannot always predict your income. You should still do all the sheets except Sheet 7. Sheet 5 will tell you what you have to earn monthly to survive or prosper, and those real numbers are very good for goal setting.

What you must do is to take the items on Sheet 5 and prioritize them by importance. I mean by importance, not urgency. You should ask yourself, "If I only have enough money to pay one thing, what would that be." Then ask, "If I only have enough money to pay one more thing, what will that be?" And so on down the list. Now be prepared to stand your ground because things have a way of seeming important that are only urgent. Saving should be a high priority.

The third column, "Cumulative Amount," is the total of all amounts above that item. So if you get a \$2,000 check, you can see how far down your priority list you can go.

<u>Item</u>	<u>Amount</u>	Cumulative <u>Amount</u>

BREAKDOWN OF SAVINGS

As you save for certain items like furniture, car replacement, home maintenance, or clothes, your savings balance will grow. This sheet is designed to remind you that all of that money is committed to something, not just a Hawaiian vacation on impulse because you are now 'rich.' Keep up with your breakdown of savings monthly for one quarter at a time.

			BALANCE BY	
<u>ITEM</u>	MONTH:			
Emergency Fund(1)				
Retirement Fund				
College Fund				
Real Estate Taxes				
Homeowners Insuran	ce			
Repairs or Mn. Fee				
Replace Furniture				
Car Insurance				
Car Replacement				
Disability Insurance				
Health Insurance				
Doctor				
Dentist				
Optometrist				
Life Insurance				
School Tuition				
School Supplies				
Gifts (inc. Christmas)				
Vacation				
Other				
Other				
Other				
TOTAL				
(1) E E	1 1 11	4 A T T 41		1

(1) Emergency Fund should get ALL the savings until 3-6 months of expenses have been saved.

THE DEBT SNOWBALL

List your debts in descending order with the smallest payoff or balance first. Do not be concerned with interest rates or terms unless two debts have similar payoffs, then list the higher interest rate debt first. Paying the little debts off first shows you quick feedback and you are more likely to stay with the plan.

Redo this sheet each time you pay off a debt so you can see how close you are getting to freedom. Keep the old sheets to wallpaper the bathroom in your new debt-free house. The "New Payment" is found by adding all the payments on the debts listed above that item to the payment you are working on, so you have compounding payments which will get you out of debt very quickly. "Payments Remaining" is the number of payments remaining when you get down the snowball to that item. Cumulative Payments is the total payments needed, including the snowball, to payoff that item. In other words this is your running total for "Payments Remaining."

Date:		_ Count down to freedom			
<u>Item</u>	Total <u>Payoff</u>	Minimum <u>Payment</u>	New <u>Payment</u>	•	Cumulative <u>Payments</u>
		·			