

Work Sheet 1

**Major Components of a
Healthy Financial Plan**

	ACTION NEEDED	ACTION DATE
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	_____	_____
Homeowner's Insurance	_____	_____

I, _____, a responsible adult, do hereby swear to take the above-stated actions by the above-stated dates to financially secure the well-being of my family and myself. (copy to spouse)

Signed: _____ Date: _____

Work Sheet 2

Consumer Equity Work Sheet

ITEM / DESCRIBE	VALUE	-	DEBT	=	EQUITY
Real Estate _____	_____		_____		_____
Real Estate _____	_____		_____		_____
Car _____	_____		_____		_____
Car _____	_____		_____		_____
Cash on Hand	_____		_____		_____
Checking Account	_____		_____		_____
Checking Account	_____		_____		_____
Savings Account	_____		_____		_____
Savings Account	_____		_____		_____
Money Market Account	_____		_____		_____
Mutual Funds	_____		_____		_____
Retirement Plan	_____		_____		_____
Stocks or Bonds	_____		_____		_____
Cash Value (Insurance)	_____		_____		_____
Household Items	_____		_____		_____
Jewelry	_____		_____		_____
Antiques	_____		_____		_____
Boat	_____		_____		_____
Unsecured Debt (Negative)	_____		_____		_____
Credit Card Debt (Negative)	_____		_____		_____
Other _____	_____		_____		_____
Other _____	_____		_____		_____
Other _____	_____		_____		_____
TOTAL	_____		_____		_____

Work Sheet 3

Income Sources

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 _____	_____	_____
Other _____	_____	_____
TOTAL	_____	_____

Work Sheet 4

Lump Sum Payment Planning

Payments you make on a nonmonthly basis can be budget busters, if you do not plan for them. Here you will convert these to a monthly basis for use on Work Sheet 5. Then 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 work sheet.

ITEM NEEDED	ANNUAL AMOUNT	MONTHLY AMOUNT
Real Estate Taxes	_____	÷ 12 = _____
Homeowner's Ins.	_____	÷ 12 = _____
Home Repairs	_____	÷ 12 = _____
Replace Furniture	_____	÷ 12 = _____
Medical Bills	_____	÷ 12 = _____
Health Insurance	_____	÷ 12 = _____
Life Insurance	_____	÷ 12 = _____
Disability Insurance	_____	÷ 12 = _____
Car Insurance	_____	÷ 12 = _____
Car Repair/Tags	_____	÷ 12 = _____
Replace Car	_____	÷ 12 = _____
Clothing	_____	÷ 12 = _____
Tuition	_____	÷ 12 = _____
Bank Note	_____	÷ 12 = _____
IRS (Self-Employed)	_____	÷ 12 = _____
Vacation	_____	÷ 12 = _____
Gifts (inc. Christmas)	_____	÷ 12 = _____
Other _____	_____	÷ 12 = _____
Other _____	_____	÷ 12 = _____

Work Sheet 5

Monthly Cash Flow Plan

Every dollar of your income should be allocated to some category on this monthly cash flow plan. Money “left over” should be put back into a category even if you make up a new category. You should make spending decisions ahead of time. Almost every category (except debt) should have some dollar amount in it. For example, if you do not plan to replace the furniture, when you need to do so in the future your finances will be strained and you will need to borrow. Plan for that expense now by saving for it. I have actually had people tell me that they can do without clothing. (Oh, come on!) Be careful too 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 savings you had for that area. If there is a substantial difference in the plan versus the reality, something has to change. 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.

In the column “% of Take-Home Pay,” write in the percentage of your total take-home pay that you spent on a particular category, such as “Housing.” Then you can compare your percentages with those on Work Sheet 6 to determine if you need to consider adjusting your lifestyle.

IMPORTANT (1): Emergency fund should get all the savings until three to six 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.

Work Sheet 5 (continued)

BUDGETED

ITEM	SUB-TOTAL	TOTAL	ACTUALLY SPENT	% of TAKE-HOME PAY
CHARITABLE GIFTS				
SAVING				
Emergency Fund (1)				
Retirement Fund				
College Fund				
HOUSING				
First Mortgage				
Second Mortgage				
Real Estate Taxes				
Homeowner's Ins.				
Repairs or Mnt. Fee				
Replace Furniture				
Other				
UTILITIES				
Electricity				
Water				
Gas				
Phone				
Trash				
Cable				
FOOD				
Grocery				
Restaurants				
PAGE 1 TOTAL				

Work Sheet 5 (continued)

BUDGETED

ITEM	SUB-TOTAL	TOTAL	ACTUALLY SPENT	% of TAKE-HOME PAY
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 Ins.	_____		_____	
Health Insurance	_____		_____	
Doctor Bills	_____		_____	
Dentist	_____		_____	
Optometrist	_____		_____	
Drugs	_____	_____	_____	_____
PERSONAL				
Life Insurance	_____		_____	
Child Care	_____		_____	
PAGE 2 TOTAL		_____	_____	_____

Work Sheet 5 (continued)

BUDGETED

ITEM	SUB-TOTAL	TOTAL	ACTUALLY SPENT	% of TAKE-HOME PAY
PERSONAL (continued)				
Baby-sitter	_____		_____	
Toiletries	_____		_____	
Cosmetics	_____		_____	
Hair Care	_____		_____	
Education/Adult	_____		_____	
School Tuition	_____		_____	
School Supplies	_____		_____	
Child Support	_____		_____	
Alimony	_____		_____	
Subscriptions	_____		_____	
Organization Dues	_____		_____	
Gifts (inc. Christmas)	_____		_____	
Miscellaneous	_____		_____	
Blow \$\$	_____	_____	_____	_____
RECREATION				
Entertainment	_____		_____	
Vacation	_____	_____	_____	_____
DEBTS (Hopefully \$0)				
Visa 1	_____		_____	
Visa 2	_____		_____	
MasterCard 1	_____		_____	
MasterCard 2	_____		_____	
PAGE 3 TOTAL		_____	_____	_____

Work Sheet 5 *(continued)*

BUDGETED

ITEM	SUB-TOTAL	TOTAL	ACTUALLY SPENT	% of TAKE-HOME PAY
DEBTS (Hopefully \$0) (continued)				
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 _____	_____		_____	
Other _____	_____	_____	_____	_____
PAGE 4 TOTAL		_____	_____	
PAGE 3 TOTAL		_____	_____	
PAGE 2 TOTAL		_____	_____	
PAGE 1 TOTAL		_____	_____	
GRAND TOTAL		_____	_____	
TOTAL INCOME	minus	_____	_____	
DIFFERENCE		Zero	_____	

Work Sheet 6

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.

ITEM	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%

Work Sheet 7

Sample Allocated Spending Plan

This work sheet is where all your work thus far starts giving you some peace. You will implement your Work Sheet 5 information into your life, going from theory to reality, by using Work Sheet 7. (Please note: If you have an irregular income, like self-employment or commissions, you should use Work Sheet 8, after reviewing Work 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 use only two columns. If both spouses 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 and list the one paycheck on the other two. Date the pay period columns and 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. 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 you may pay the electric bill from period 2. You already pay some bills or make payments out of designated checks; now you pay all things from designated checks.

The whole point to this work sheet, which is the culmination of all your monthly planning, is to allocate or "spend" your whole paycheck before you get paid. I don't care where you allocate your money, but you must allocate all of it before you get your check. Now all the tense, crisislike symptoms have been removed because you planned. No more management by crisis or impulse. Those who tend to be impulsive should 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.

Work Sheet 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/Mnt. Fees / / / /

Replace Furniture / / / /

Other _____ / / / /

UTILITIES

Electricity / / / /

Water / / / /

Gas / / / /

Phone / / / /

Work Sheet 7 (continued)

UTILITIES (continued)

Trash / / / /
Cable / / / /

FOOD

Grocery / / / /
Restaurants / / / /

TRANSPORTATION

Car Payment / / / /
Car Payment / / / /
Gas & Oil / / / /
Repairs & Tires / / / /
Car Insurance / / / /
License & Taxes / / / /
Car Replacement / / / /

CLOTHING

Children / / / /
Adults / / / /
Cleaning/Lndry. / / / /

MEDICAL/HEALTH

Disability Ins. / / / /
Health Insurance / / / /
Doctor / / / /
Dentist / / / /
Optometrist / / / /
Drugs / / / /

Work Sheet 7 (continued)

PERSONAL

- Life Insurance / / / /
- Child Care / / / /
- Baby-sitter / / / /
- Toiletries / / / /
- Cosmetics / / / /
- Hair Care / / / /
- Education/Adult / / / /
- School Tuition / / / /
- School Supplies / / / /
- Child Support / / / /
- Alimony / / / /
- Subscriptions / / / /
- Organization Dues / / / /
- Gifts (inc. Christmas) / / / /
- Miscellaneous / / / /
- Blow \$\$ / / / /

RECREATION

- Entertainment / / / /
- Vacation / / / /

DEBTS (Hopefully \$0)

- Visa 1 / / / /
- Visa 2 / / / /
- MasterCard 1 / / / /
- MasterCard 2 / / / /

Work Sheet 9

Breakdown of Savings

As you save for certain items such as 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.

ITEM	BALANCE BY MONTH:		
Emergency Fund (1)	_____	_____	_____
Retirement Fund	_____	_____	_____
College Fund	_____	_____	_____
Real Estate Taxes	_____	_____	_____
Homeowner's Insurance	_____	_____	_____
Repairs or Mnt. 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	_____	_____	_____

Work Sheet 11

Retirement Monthly Planning

In order to retire with some security, you must aim at something. Too many people use the *ready, fire, aim* approach to retirement planning. Your assignment is to determine how much per month you should be saving at 12 percent interest in order to retire at sixty-five years old with what you need.

If you are saving at 12 percent and inflation is at 4 percent, then you are moving ahead of inflation at a net of 8 percent per year. If you invest your nest egg at retirement at 12 percent and want to break even with 4 percent inflation, you will be living on 8 percent income.

STEP ONE:

Annual income (today) you wish to retire on \$ _____
divided by _____ .08
(nest egg needed) equals \$ _____

STEP TWO:

To achieve that nest egg, you will save at 12 percent, netting 8 percent after inflation, so we will target that nest egg using 8 percent.

_____ × _____ = _____
Nest Egg Needed Factor Monthly Savings Needed

8% factors (select the one that matches your age)

Age	Years to Save	Factor
25	40	.000286
30	35	.000436
35	30	.000671
40	25	.001051
45	20	.001698
50	15	.002890
55	10	.005466
60	5	.013610

NOTE: *If you have any doubts about saving now, take a look at what happens if you delay saving for five or ten years.*

