



Budget & Expense Tracking Instructions

Developing a financial plan is important to your success. Regardless of your income, financial planning WORKS.

Computer based copies of these spreadsheets are available.

1st Step: Begin Expense Tracking for four weeks (5 or 6 would be best).

- Most people have little knowledge of where their money really goes until they keep track of **ALL** spending.
- *Including your children in this process is highly recommended.*
- Regardless of how you track your daily expenses, **logging EVERYTHING** is the goal.

Ways to track expenses: (use the categories from the Guideline Percentages Form)

1. A tracking sheet – marking categories
2. An empty check register – marking categories
3. The Envelope Method: Label an envelope for each category listed on the EXPENSE TRACKING sheet. Each family member carries paper and jots down their purchases throughout the day. At the end of each day, the papers (or receipts) are filed into the envelopes.

2nd Step: During the 4 - 6 weeks of expense tracking, start to fill out your “Fixed Expenses” on the budget form, i.e. rent, car payment, mortgage, insurance premiums, etc.

The Budget Form asks for your “typical” YEARLY budget, divided into MONTHLY AMOUNTS. If the expense occurs less than every month, total the bills, then divide by 12 for a MONTHLY amount.

- “**Typical year**” means leaving out extraordinary events - i.e. - emergency trip for medical/family reasons. Leave this out - unless something like it happens every year.
- Please write “n/a” for line items that **never** apply to your household.

3rd Step: After Expense Tracking is completed for 4 – 6 weeks, refer to the Guideline Percentages Instructions & Worksheet.

4th Step: After completing the Guideline Percentages form, review how your spending compares to other average area households.

1. Does your % column total 100%, or is it over. If over, begin deciding which categories needs less spending. Plus, make sure your spending is not over your INCOME.
2. Do you have an Emergency Fund? If not, how can you adjust your spending to accumulate three (3) months worth of expenses? **(PLUS INSURANCE DEDUCTIBLES)**
3. Study your Expense Tracking Sheet. Is there spending going on that can be replaced with cheaper options?
4. How are your retirement savings????? Most retirement investment options are well worth the expense NOW.
5. Do you have DEBT other than a mortgage? If so, adjust spending and savings to PAY DOWN DEBT. (don't cut Emergency Fund)

5th Step: Set some new goals using the Guideline Percentages sheet. Develop a spending plan with pre-determined spending limits - and just “Do It”.

1st step – Expense Tracking - Log **EVERYTHING** you spend using cash, credit cards, Debit card, or Check.

Date	Expense	Amount	Category
			Housing - rent / mortgage, heating fuel, gas, electric, water, sewage, garbage, phone(s), household cleaning supplies, furnishings, equipment, Taxes, Insurance
			Transportation - Car & Insurance payments, gas, maintenance & inspections, or public transportation
			Food - Out of home meals & beverages, Groceries, lunches, snacks. (NO PET FOOD, see Leisure)
			Fun & Leisure - Alcoholic beverages, Tobacco, Pet expenses, Cable TV, Internet, TVs, Computers, Toys, Electronics, Cameras, Books, Magazines, Newspaper, Music, Movies, Concerts, Sporting Events, Clubs, etc
			Apparel & services - Clothes, shoes, accessories, dry cleaning, spot removers, detergent, dryer sheets etc.
			Personal care products & services hair care & skin products or services, haircuts, manicures, massages
			Health care - insurance premiums, medical services & supplies, drugs, dental related, & vitamins
			Miscellaneous expenses
			Education - yearly pictures, trips, supplies, back pack, uniforms
			Life insurance, IRA, retirement funds
			Savings - FSA, Education, to help replace vehicle or appliance, Vacations, Christmas, etc. (not retirement)
			Emergency Fund accumulate to 3 month's pay PLUS ANY insurance deductibles
			DEBT – All non-mortgage or non-car debt.

**BUDGET** (after Expense Tracking for 4-6 weeks)

NAME

	Monthly		Monthly
Rent or Mortgage Payment		Eye Glasses	
Electricity		Medical (include prescriptions, vitamins)	
Natural Gas/Fuel Oil (divide total to make monthly if needed)		Dental	
Water & Garbage & Sewer (divide total to make monthly)		Insurance: (check) <input type="checkbox"/> Adults <input type="checkbox"/> Family <input type="checkbox"/> Kid(s)	
Telephone		HEALTH CARE TOTAL	
Cell Phone		Child Care or Child Support (circle which)	
Repairs, furniture, lawn equipment, tools (Total divided)		Taxes not included other categories (divide by 12 for monthly)	
Insurance: Renters or Homeowners (if not in Mortgage Payment)		Other/ What? _____	
HOUSING TOTAL		Other/ What? _____	
Car Payment #1 (X one) <input type="checkbox"/> Lease <input type="checkbox"/> Own		MISCELLANEOUS EXPENSES TOTAL	
Car Payment #1 (X one) <input type="checkbox"/> Lease <input type="checkbox"/> Own		School Expenses Field trips, supplies, pictures, etc.	
Gasoline		School Expense Books (divide by 12 to make monthly)	
Repairs & Maintenance & Inspections (divide by 12 to make monthly)		School Expense Tuition (divide amount to make monthly)	
Mass Transit (Bus/Train)		EDUCATION TOTAL	
Insurance - Automobile - Vehicle 1		Hair Cuts	
Insurance - Automobile - Vehicle 2		Lotions, creams, nail polish, etc.	
TRANSPORTATION TOTAL		Manicures, massages, etc	
Groceries (do not include items from list below)		PERSONAL CARE PRODUCTS & SERVICES TOTAL	
Eat out meals		Cigarettes, Tobacco	
School Lunches		Alcoholic Beverages	
Work Lunches		Magazines & Newspapers & Books	
Beverages & Snacks bought outside of home		CDs/Music Supplies	
FOOD TOTAL		Gifts: Birthdays, Christmas, etc. (total last year's receipts)	
Insurance: (X one) <input type="checkbox"/> Term <input type="checkbox"/> Whole life		Movies, Movie rentals, Concerts, Plays	
Savings - Retirement (IRA & other funds)		Sports Events & Other Events	
LIFE INSURANCE, IRA, RETIREMENT TOTAL		Vacation	
Family Clothing		Cable / Digital T.V.	
Haircuts		Internet Service	
Laundry and Dry Cleaning		Pet expenses, food, veterinary, toys, etc	
APPAREL & SERVICES TOTAL		FUN & LEUSURE TOTAL	

Page 2 of 2	Monthly		Monthly
Charity - Donations	CONTRIBUTIONS TOTAL	Savings - FSA	
(4 to 6 mnth income recommended)	EMERGENCY FUND TOTAL	Savings - other _____	
TOTAL Non-Emergency SAVINGS			

DEBT - Loans: Home Equity, Student, Medical, Personal...	Monthly	Is this the minimum payment?		INTEREST RATE %	Balance
1 Home Equity Loan _____		<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/> %	
2 n/a _____		<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/> %	
3 n/a _____		<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/> %	
Credit Card #1: name <u>Capital One</u> _____		<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/> %	
Credit Card #2: name <u>Chase, Disney</u> _____		<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/> %	
Credit Card #3: name _____		<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="text"/> %	
DEBT TOTAL		Balance Total			

Net Income (after tax) - Annual Income Totals - NOT MONTHLY			
Employment Income 1 (net - after taxes)		Rental income	
Employment Income - all other combined		Pension - IRA - Retirement (circle all that apply)	
Income - Other _____		Interest on Savings or Investment (circle which)	
Alimony - Child support (circle all that apply)		Tax - Federal Tax Refund	
Food Stamps		Federal Earned Income Tax Credit - EIC or EITC	
Social Security - SSI - SSDI		Tax - State - PA Tax Forgiveness refund received	
		TOTAL YEARLY INCOME	
		MONTHLY INCOME after taxes	
		TOTAL ALL EXPENSES	
		TOTAL MONTHLY DEFICIT OR SURPLUS =	

Mortgage Interest Rate _____ Tnshp/Borough _____

How much Equity do you have in your home? _____

Are you paying Private Mortgage Insurance (PMI)? _____

Electric Company _____ **Gas** Company _____

What have you paid in ATM & Bank fees for the past **3** months? _____

of Federal Tax withholdings taken by employer? _____

Children _____ Child Ages _____

NHCO would like to prove you with a personalized budget review..... Your email will save us postage. :)

Name _____ **Date** _____ **Email** _____

Guideline Percentages Instruction & Worksheet

Please meet with your saving or budget coach if you need help with the form.

① Total your spending into these Categories. Write the total on the appropriate line.

Housing _____	Miscellaneous _____	Contributions _____
Transportation _____	Apparel /serv. _____	Savings _____
Food _____	Education _____	Emergency Fund _____
Life ins./ Retirement _____	Personal care _____	DEBT _____
Fun & Leisure _____		

② Insert these totals into Column #1 on the Guideline Percentages form.

③ Next, you will use a calculator to figure out the percent of your spending in each category compared to your INCOME. Enter the % for each individual Category in Column # 2 on the form.

Annual Household Income (after taxes) = _____ ÷ 12 = _____
How to calculate: Category Expense ÷ Monthly Income, x 100 = %

Example: If you spend \$350 a month in the “Housing Category” and your income is \$1,000. . .
\$350 divided by \$1,000 and then times(x) by 100 = 35%

④ Complete 4th and 5th Steps from 1st page, adjusting spending to fit your income. This is done by increasing or decreasing spending percentages. For example, if you are spending 6% of your income on “*Personal care products and services*,” you can consider: **a)** reducing the spending, or **b)** taking 5% from another category [this category’s norm is 1%]. Remember, your percentages should always equal 100% not more.

⑤ To convert Column # 3’s percent to a \$\$ amount for Column #4: Income X “the percent”, then press the % button on the calculator (do not hit “=”). Example: **\$1000** (income) X **35** (representing 35%) and then **% button** = \$350

The Guideline Percentages Form is based on Allegheny County demographics, the Department of Labor Consumer Expenditure Survey. Please Note: Beaver, Butler, Crawford, Venango, Lawrence, & Mercer counties have slightly lower Housing %, but higher Transportation %.

Guideline Percentages for the average Allegheny County Budget

Monthly Income = \$		#②	#①	#③	#④
Category	Guide-line	The Current %	Current Amount in \$'s	New Goal %	Goal Amount in \$'s
Housing - rent or mortgage, heating fuel, gas, electric, water, sewage, garbage, phone(s), household cleaning supplies, furnishings, equipment, + all Taxes + Insurance	30.5 %				
Transportation - Car & Insurance payments, gas, maintenance & inspections, or Public transportation	19 %				
Food - Out of home meals & beverages, Groceries, lunches, snacks	13 %				
Life insurance & IRA or retirement funds	11.2 %				
Fun & Leisure - Alcoholic beverages, Tobacco, Pet expenses , Cable TV, Internet, TVs, Computers, Toys, Electronics, Cameras, Books, Magazines, Music, Movies, Concerts, Sporting Events, Clubs, etc.	5.7 %				
Apparel & services Clothes, shoes, accessories, dry cleaning, spot removers, detergent, dryer sheets etc.	4.4 %				
Health care out of pocket for insurance premiums, medical services & supplies, drugs, and dental related, vitamins	6.3 %				
Miscellaneous expenses	2.0 %				
Education yearly pictures, trips, supplies, back pack, uniforms	0.5 %				
Personal care products & services hair care & skin products or services, haircuts, manicures, massages,	1.0 %				
Contributions church, charity	0.9 %				
Savings FSA, Education, vehicle replacement, Vacations, Christmas, etc.	1.0 %				
Emergency Fund accumulate to 3 month's pay PLUS ANY insurance deductibles	2.%				
DEBT – All non-mortgage & non-auto debt.	2.5 %				
TOTAL	100%				

EXAMPLE AVERAGE EXPENSE MATCHED TO MONTHLY INCOME

Monthly Income	Monthly 13% Food	Weekly 13% Food	Monthly 5.7% Fun & Leisure	Weekly 5.7% Fun & Leisure	Monthly 30.5% Housing	Weekly 30.5% Housing
\$1100	\$143	\$35.75	\$62.70	\$15.70	\$335.50	\$83.88
\$1200	\$156	\$39.00	\$62.70	\$15.68	\$366.00	\$91.50
\$1300	\$169	\$42.25	\$74.10	\$18.53	\$395.50	\$99.13
\$1400	\$182	\$45.50	\$79.80	\$19.95	\$427.00	\$106.75
\$1500	\$195	\$48.75	\$85.50	\$21.34	\$457.50	\$114.38
\$1600	\$208	\$52.00	\$91.20	\$22.80	\$488.00	\$122.00
\$1700	\$221	\$55.25	\$96.90	\$24.23	\$518.50	\$129.63
\$1800	\$234	\$58.50	\$102.60	\$25.65	\$549.00	\$137.25
\$1900	\$247	\$61.75	\$108.30	\$27.01	\$579.50	\$144.88
\$2000	\$260	\$65.00	\$114.00	\$28.50	\$610.00	\$152.50
\$2100	\$273	\$68.25	\$119.70	\$29.91	\$640.50	\$160.13
\$2200	\$286	\$71.50	\$125.40	\$31.35	\$671.00	\$167.75
\$2300	\$299	\$74.75	\$131.10	\$32.78	\$701.50	\$175.38
\$2400	\$312	\$78.00	\$136.80	\$34.20	\$732.00	\$183.00
\$2500	\$325	\$81.25	\$142.50	\$35.63	\$762.50	\$190.63
\$2600	\$338	\$84.50	\$148.20	\$37.05	\$793.00	\$198.25
\$2700	\$351	\$87.75	\$153.90	\$38.47	\$823.00	\$205.87
\$2800	\$364	\$91.00	\$159.60	\$39.90	\$854.00	\$213.50
\$2900	\$377	\$94.25	\$165.30	\$41.33	\$884.50	\$221.13
\$3000	\$390	\$97.50	\$171.00	\$42.75	\$915.00	\$228.75
\$3100	\$403	\$100.75	\$176.70	\$44.18	\$945.50	\$236.38
\$3333	\$433	\$108.25	\$189.98	\$47.50	\$1016.57	\$254.14

EXPENSES TO EXAMINE

Auto & Home Insurance - Raise your deductible! What's your current deductible? It should be at LEAST \$250. Call your agent tomorrow and find out what the difference is in your premium if you raise your deductible. If it costs you \$75 to have that low \$100 deductible rather than having a \$250 dollar deductible, then you are effectively buying only \$150 of coverage with that \$75!! That is bad. If you only file a claim every 3 years, it is actually costing you an additional \$75 for that low deductible. BEWARE, don't raise your deductible if you don't have your Emergency Fund established.

Phone(s): An unlimited home phone line is now only \$19 a month. If you need a cell for your kids or emergencies, consider a trac phone or other a pre-paid phone. Research "bundling" deals which combine phone-internet-cable. Now many are \$80 a month with unlimited services.

ATM Fees: Does your bank charge you a fee for withdrawals made at other bank's ATMs? Not only will your bank charge you a fee, but the bank that owns the cash machine will most likely charge you as well. Check your last bank statement and see how many of these charges you had. These can really add up quickly. A little planning on your cash withdrawals and you can avoid an unnecessary expense.

Overdraft & Bank Fees: So you forgot to deposit that check and were overdrawn. The bank is sure to charge you. If they returned the check to the vender, that adds another \$20 or more fee. Solution: check to see if your bank offers overdraft protection, or the option to link accounts. This is usually a very cheap or free service. Other Bank Fees: Shopping for banks with free checking or savings is well worth the time investment. It might be time to change banks or try a Credit Union. (If you qualify, the PSECU credit union has been rated the highest for many years – www.psecu.com)

FOOD: This is the most common overspent category: Money spent in vending machines, bought lunches, beverages, junk food..... it all adds up. Talk to your coach about Angel Food Ministries and other resources to help you improve your food budget.

Home Energy Usage: PA *Utility Choice* allows you to COMPARE & CHOOSE your electric or gas supplier. www.puc.state.pa.us/utilitychoice

- **Install a programmable thermostat** -- it automatically adjusts to different temperature programs during different times of the day or week. A programmable thermostat can save you at least \$100 a year when programmed and used properly and you can find one on sale in the \$30-\$40 range. Consumer reports rates 3 models as “Best Buys”: Lux smart temp touch screen TX9000TS also Lux: TX1500 & TX500
- Caulk and seal air leaks where plumbing, ducting or electrical wiring goes through exterior walls.
- Insulate your hot water heater & repair leaky faucets promptly.
- Clean or replace furnace or heat pump filters once a month or as needed.
- Clean your refrigerator condenser coils (back of unit) at least once a year.
- Use compact fluorescent light bulbs & TURN OFF LIGHTS AND “STUFF”
- Wash only full loads in your dishwasher and your clothes washer.

CREDIT CARD ISSUES:

- ✓ Credit Card Fees - Companies give you a grace period (usually 20 to 25 days) on new charges before you owe interest. However, a grace period may only apply if you pay your balance in full. Check with your card company. If so, do not place additional charges on the card until the balance is paid.
- ✓ Credit Card interest rates are higher than any other loan type. Don't charge what you can't pay off at the end of the month.
- ✓ Know what interest rate you are paying if you don't pay the balance in full. Study your options to:
- ✓ Try to lower the rate, just call and ask. Another option is to research interest charges on a Home Equity loan (moving balances to the Home Equity Loan if it is a better rate)
- ✓ Transfer balances to a card that has a cheaper rate + doesn't charge a fee for transfers (a typical transfer fee is 3% to 5% of the transferred amount – it has nothing to do with the 0% interest). If you transfer a \$5000 balance, the FEE is \$150.
- ✓ Always pay **MORE THAN the minimum payment**, and as quickly as possiblePay it off.
- ✓ **If** you're good at paying monthly balances completely; consider getting a card that pays Rewards. www.cardoffers.com. This site does not list ALL cards, but it does have most. An optional comparison site is: www.lowcards.com

Paying Down Debt: {consult your Saving Coach if you need help with this}

- ① Gather all of your most recent credit card statements, sit down with a pencil and paper, and write down the balance of each debt and the interest rate charged. Pay only the minimum amount due on all debts except for the loan/credit card with the highest interest rate: Add extra to this payment.
- ② On your highest interest rate debt (we'll call it “Debt A”), pay the minimum payment **plus** the additional amount you can afford.
- ③ Once Debt A is paid off, ***pretend it's not***. Go to your next highest interest rate debt (Debt B). Use the same amount of money you were paying on Debt A and now add it to your minimum payment on Debt B. Keep paying the minimum due on the other debts. When Debt B is paid off, use the monthly payment amount from Debt A + Debt B toward the next highest interest rate loan (Debt C).

Debt Chart

Credit Card or Other Loan (non-Mortgage)	Interest %	Late fee charge	Balance	Minimum Monthly Payment

Debt Chart – Organized **HIGHEST** Interest to Lowest Interest

Debt Payoff Order	Interest %	Credit Card or Other Loan	Late fee charge	Balance	Minimum payment + \$ _____ extra
Debt A					
					Minimum Monthly Payment
Debt B					
Debt C					
Debt D					

The True cost of only paying the Minimum

Use calculator at www.bankrate.com/calculators/credit-cards/minimum-payment-calculator.aspx

Balance	% Rate	Minimum payment	Months to pay off	<u>Total Interest Paid</u>		Minimum payment + Plus	Months to pay off	<u>Total Interest Paid</u>
\$7000	4%	\$210	134	\$843.39	OR	+ \$30	31	\$376.38
\$1000	6%	\$30	64	\$148.31	OR	+ \$30	18	\$46.78
\$1500	7%	\$45	83	\$298.99	OR	+ \$30	22	\$99.65
\$2000	9%	\$60	100	\$577.55	OR	+ \$30	25	\$196.13
\$4000	10%	\$120	135	\$1,434.39	OR	+ \$30	31	\$542.58