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# Balanced Monthly Spending Plan

You know where your money is going ***down to the penny.***

Written budget helps you ***plan ahead*** and ***analyze spending.***

Having a budget will help you cut back on ***impulse buying*** which is a significant issue with most.

Every couple / individual needs a Spending Plan no matter how much or how little you may have.

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# Formula For Financial Freedom

80-10-10

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# Formula For Financial Bondage

1 10-0-0

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# Developing Your Spending Plan

## ❑ Step One:

- Track Expenses for at least 30 days.
    - ❑ Track **down to the penny** what you spend every day.
    - ❑ Use provided spreadsheet by going to [www.prestonwoodfoundation.org](http://www.prestonwoodfoundation.org)
    - ❑ Click on ***Financial Freedom*** tab on top left hand corner.
    - ❑ Scroll down and you will find financial tools
  - At the end of 30 days with expenses automatically totaled the month by the spreadsheet. Then proceed with Step Two
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# Spending Plan

## ❑ **Step Two:**

- **Determine Your Wages for the 30-day tracking period**  
(Net - after taxes / your take home pay)
    - ❑ Input into expense tracker spreadsheet
    - ❑ If your wages are not the same every month (salesman on comp plans), determine your **average monthly wage** from the past 12 months.
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# Spending Plan

- ❑ **Step Three:**

- Determine expenses that do not occur each month  
(e.g. Property taxes, Clothing, Tuition, Vacations, etc.)

- ❑ Total and divide them by 12
- ❑ Insert monthly into budget



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# Spending Plan

## ■ Step Four:

### ■ Analyze your spending

To solve the problem of spending more than you earn, you must either increase your income or decrease your expenditures.

- Identify troubles areas of spending (e.g. eating out, entertainment, utilities).
  - Make a plan to increase income or reduce expenses. **Must execute on Plan.**
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# Spending Plan

## ■ Step Five:

- Review & Don't Give Up
  - Every area of the Budget should be reviewed on a regular basis.
  - Continue to track trouble areas!
  - There will be frustrations, but a Budget is the only way to accumulate savings and help you pay or stay out of debt.
  - For married couples, this process helps husbands and wives to communicate in an area that usually is the cause of tension and conflict.
  - **The Money Date Concept** – attached.
  - Prayer
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# Budget Percentages

Category	Percent of Income (after giving and taxes)
Housing	25-35%
Food	10-15%
Transportation	10-15%
Insurance	3-7%
Debts	0-10%
Entertainment/Recreation	4-7%
Clothing	4-6%
Savings	5-10%
Medical/Dental	4-8%
Miscellaneous	4-8%
School/Childcare	5-10%
Investments	0-15%

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# Money Dates

- Most couples do not talk about finances unless there is an issue and an argument is the mode of communication.
  - Weekly set date (no distractions) where you discuss your financial goals, obligations and status for the upcoming week.
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