

#### **Income and Expense Statement**

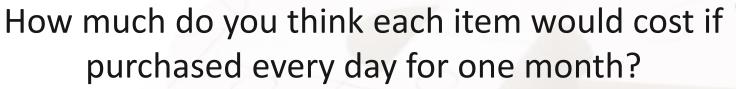
Advanced Level







#### The Costs Add Up





| ltem                             | Average Cost of Item | Approximate Cost Per Month if purchased every day | Approximate Cost <u>Per Year</u> if purchased every day |
|----------------------------------|----------------------|---|---|
| 16 oz. soda                      | \$1.00 - \$2.00      | \$30.00 - \$60.00                                 | \$365.00 -<br>\$730.00                                  |
| 16 oz. energy or sports drink    | \$2.00 - \$3.00      | \$60.00 - \$90.00                                 | \$730.00 -<br>\$1095.00                                 |
| Candy bar                        | \$0.75 - \$1.25      | \$22.50 – \$37.50                                 | \$273.75 -<br>\$456.25                                  |
| 16 oz. Latte' or flavored coffee | \$2.50 -\$3.50       | \$75.00 - \$105.00                                | \$912.50 –<br>\$1277.50                                 |





## The Income and Expense Statement

Income and Expense
Statement - lists and
summarizes income and
expense transactions
that have taken place
over a specific period of
time, usually a month or
year

| Income and Expense Statement for:  |          |
|--|----------|
| Time Period:   |          |
|  | Amount   |
| Income   |          |
| Earned Income  |          |
| Wages or salary before deductions  |          |
| Unearned Income  |          |
| Interest earned this time period   |          |
| Money from savings and investments to help pay<br>expenses during this time period |          |
| Received Income from Government Programs   |          |
| Total Income   | \$       |
| Expenses   |          |
| Deductions Often Taken from Paychecks  |          |
| Contributions to retirement programs (401k,  |          |
| 403b, pension, IRA)  |          |
| Federal income tax and state income tax  |          |
| Social Security and Medicare   |          |
| Saving and Investing (Pay Yourself First)  |          |
| Contribution to savings and investments  |          |
| Insurance Premiums   |          |
| Health, automobile, home or renters, life  |          |
| Housing Costs  |          |
| Transportation Costs   |          |
| Food Costs   |          |
| Family Member Care   |          |
| Communication and Computers  |          |
| Telephone landline, cell phone, Internet,  |          |
| cable/satellite television   |          |
| Medical Costs Not Covered by Insurance   |          |
| Clothing and Personal Care   |          |
| Educational Expenses   |          |
| Pet Care Entertainment   | <u> </u> |
| Gifts and Charitable Contributions   |          |
| Credit Costs   |          |
|  |          |
| Student loan, credit card, other loan payments                                     | Ċ        |
| Total Expenses  Net Gain or Net Loss (Income less Expenses)                        | \$<br>\$ |





#### **Money Management Tools**

Statement of Financial Position

Income & Expense Statement

**Spending Plan** 

What is my financial position today?

How have I managed my money in the past?

What is my <u>future</u> money management plan?

Tells you where your money came from and where it went







## How can an Income and Expense Statement help you manage money?

Make changes to increase net worth

Evaluate past financial decisions

Make changes to reach goals

Improve financial well-being





#### **Three Components**

Income

**Expenses** 

Net gain or net loss

| Income and Expense Statement for:   | -  |
|---|--|
| Time Period:  | -  |
|   | Amoun  |
| Income  |  |
| Earned Income   |  |
| Wages or salary before deductions   |  |
| Unearned Income   |  |
| Interest earned this time period  |  |
| Money from savings and investments to help pay                                    | 1  |
| Received Income from Gorannen Programs  | 1  |
| Total Income  | Ś  |
| Expenses  | 7  |
| Deductions Often Taken from Payche ks   |  |
| Contributions to retirement programs (401k,                                       |  |
| 403b, pension, IRA)   |  |
| Federal income tax and state income tax   |  |
|   |  |
| Social Security and Medicare  |  |
| Saving and Investing (Pay Yourself First) Contribution to savings and investments |  |
| Insurance Premiums  |  |
|   |  |
| Health, automobile, home or renters, life  Housing Costs                          | +  |
| Transportation Costs  | +  |
| Food Costs  | <del> </del>                                     |
| Family Member Care  |  |
| Communication and Computers   |  |
| Telephone landline, cell phone, Internet,   |  |
| cable/satellite television  |  |
| Medical Costs Not Covered by Insurance  |  |
| Clothing and Personal Care  |  |
| Educational Expenses  |  |
| Pet Care  | -  |
| Entertainment Gifts and Charitable Contributions                                  | 1  |
| Credit Costs  | <del>                                     </del> |
|   | <del>                                     </del> |
| Ct. Lenc Ioan, credit card, other Ioan, tyments                                   |  |
| Total Expenses  | \$   |





#### What is Income?



Income – money received

| Income and Expense Statement for:                              |  |
|--|--|
| Time Period:   |  |
|  | Amoun  |
| Income   |  |
| Earned Income  |  |
| Wages or salary before deductions                              |  |
| Unearned Income  |  |
| Interest earned this time period                               |  |
| Money from savings and investments to help pay                 |  |
| expenses during this time period                               |  |
| Received Income from Government Programs                       |  |
| Total Income   | \$   |
| Expenses   |  |
| Deductions Often Taken from Paychecks                          |  |
| Contributions to retirement programs (401k,                    |  |
| 403b, pension, IRA)  |  |
| Federal income tax and state income tax                        |  |
| Social Security and Medicare                                   |  |
| Saving and Investing (Pay Yourself First)                      |  |
| Contribution to savings and investments                        |  |
| Insurance Premiums   |  |
| Health, automobile, home or renters, life                      |  |
| Housing Costs  |  |
| Transportation Costs   |  |
| Food Costs   |  |
| Family Member Care   |  |
| Communication and Computers                                    |  |
| Telephone landline, cell phone, Internet,                      |  |
| cable/satellite television                                     |  |
| Medical Costs Not Covered by Insurance                         |  |
| Clothing and Personal Care                                     |  |
| Educational Expenses   |  |
| Pet Care Entertainment   | -  |
| Gifts and Charitable Contributions                             | <del>                                     </del> |
| Credit Costs   |  |
|  |  |
| Student loan, credit card, other loan payments  Total Expenses | Ċ  |
| Net Gain or Net Loss (Income less Expenses)                    | \$<br>\$   |





#### **Income Categories**

<u>Earned income</u> – any money earned from work

<u>Unearned income</u> – income received from sources other than employment

Received Income from
Government Programs – offer a
form of income, usually temporary



What income category is represented on your card?

|   | Income and Expense Statement for:  |          |
|---|--|----------|
|   | Time Period:   |          |
|   |  | Amount   |
|   | Income   |          |
|   | Earned Income  |          |
|   | wages or salary sefore deductions  |          |
|   | Unearned Income  |          |
|   | nderest camea this time period   |          |
|   | Money from savings and investments to help pay                             |          |
|   | expenses during this time period  Received Income from Government Programs |          |
|   | Total Income   | Ś        |
|   | Expenses   | Υ        |
|   | Deductions Often Taken from Paychecks                                      |          |
|   | Contributions to retirement programs (401k,                                |          |
| / | 403b, pension, IRA)  |          |
|   | Federal income tax and state income tax                                    |          |
|   | Social Security and Medicare   |          |
|   | Saving and Investing (Pay Yourself First)                                  |          |
|   | Contribution to savings and investments                                    |          |
|   | Insurance Premiums   |          |
|   | Health, automobile, home or renters, life                                  |          |
|   | Housing Costs  |          |
|   | Transportation Costs   |          |
|   | Food Costs   |          |
|   | Family Member Care   |          |
|   | Communication and Computers  |          |
|   | Telephone landline, cell phone, Internet,                                  |          |
|   | cable/satellite television   |          |
|   | Medical Costs Not Covered by Insurance                                     |          |
|   | Clothing and Personal Care   |          |
|   | Educational Expenses   |          |
|   | Pet Care<br>Entertainment  |          |
|   | Gifts and Charitable Contributions   |          |
|   | Credit Costs   |          |
|   | Student loan, credit card, other loan payments                             |          |
|   | Total Expenses   | \$       |
|   | Net Gain or Net Loss (Income less Expenses)                                | \$<br>\$ |







#### **Earned Income**

Wages or salary before deductions

Any money earned from working for pay

Commissions/ tips/bonuses

Tax refunds

| Income and Expense Statement for:   |          |
|---|----------|
| Time Period:  |          |
|   | Amount   |
| Income  |          |
| Earned Income   |          |
| wages or salary before deductions   |          |
| Unearned Income   |          |
| Interest earned this time period  |          |
| Money from savings and investments to help pay expenses during this time period |          |
| Received Income from Government Programs  |          |
| Total Income  | \$       |
| Expenses  |          |
| Deductions Often Taken from Paychecks   |          |
| Contributions to retirement programs (401k,                                     |          |
| 403b, pension, IRA)   |          |
| Federal income tax and state income tax   |          |
| Social Security and Medicare  |          |
| Saving and Investing (Pay Yourself First)                                       |          |
| Contribution to savings and investments   |          |
| Insurance Premiums  |          |
| Health, automobile, home or renters, life                                       |          |
| Housing Costs   |          |
| Transportation Costs  |          |
| Food Costs  |          |
| Family Member Care Communication and Computers                                  |          |
| Telephone landline, cell phone, Internet,                                       |          |
|   |          |
| cable/satellite television  Medical Costs Not Covered by Insurance              |          |
| Clothing and Personal Care  |          |
| Educational Expenses  |          |
| Pet Care  |          |
| Entertainment   |          |
| Gifts and Charitable Contributions  |          |
| Credit Costs  |          |
| Student loan, credit card, other loan payments                                  |          |
| Total Expenses  | \$<br>\$ |
| Net Gain or Net Loss (Income less Expenses)                                     | \$       |







Evan earns \$1600.00 before taxes

Evan's paycheck is worth \$1277.60

This is his **gross** income

Recorded in the income section of the statement

This is his **net** income

Net Income

\$1277.60

Address City, State Zip Code

Employer

**Evan Jones** 

One-thousand seventy seven dollars and 60/100

Employer







#### **Unearned Income**

Interest earned during time period

Income received from sources other than employment

Money earned from investment during time period

Sales of assets

Money from savings and investments to help pay expenses during time period

| Income and Expense Statement for:   |        |
|---|--------|
| Time Period:  |        |
|   | Amount |
| Income  |        |
| Earned Income   |        |
| Wages or salary before deductions   |        |
| Unearned Income   |        |
| Interest carned this time period  |        |
| Money from savings and investments to help pay expenses during this time period |        |
| Received Income from Government Programs  |        |
| Total Income  | \$     |
| Expenses  |        |
| Deductions Often Taken from Paychecks   |        |
| Contributions to retirement programs (401k,                                     |        |
| 403b, pension, IRA)   |        |
| Federal income tax and state income tax   |        |
| Social Security and Medicare  |        |
| Saving and Investing (Pay Yourself First)                                       |        |
| Contribution to savings and investments   |        |
| Insurance Premiums  |        |
| Health, autom   |        |

Transportation C
Food Costs
Family Member of Communication of Telephone lan cable/satellite Medical Costs Not Clothing and Perecutational Experience Entertainment Gifts and Charita Credit Costs
Student loan,

Total Expenses
Net Gain or Net

Housing Costs

Using savings and asset sales are not sources of income you can rely upon in the next time period!





#### **Unearned Income**

Scholarships/ grants from nongovernment sources

from sources other than employment

Money from others

Child support

| Income and Expense Statement for:   |          |
|---|----------|
| Time Period:  |          |
|   | Amount   |
| Income  |          |
| Earned Income   |          |
| Wages or salary before deductions   |          |
| Unearned Income   |          |
| interest carned this time period  |          |
| Money from savings and investments to help pay expenses during this time period |          |
| Received Income from Government Programs  |          |
| Total Income  | \$       |
| Expenses  |          |
| Deductions Often Taken from Paychecks   |          |
| Contributions to retirement programs (401k,                                     |          |
| 403b, pension, IRA)   |          |
| Federal income tax and state income tax   |          |
| Social Security and Medicare  |          |
| Saving and Investing (Pay Yourself First)                                       |          |
| Contribution to savings and investments   |          |
| Insurance Premiums  |          |
| Health, automobile, home or renters, life                                       |          |
| Housing Costs   |          |
| Transportation Costs  |          |
| Food Costs  |          |
| Family Member Care  |          |
| Communication and Computers   |          |
| Telephone landline, cell phone, Internet,                                       |          |
| cable/satellite television  |          |
| Medical Costs Not Covered by Insurance  |          |
| Clothing and Personal Care  |          |
| Educational Expenses Pet Care   |          |
| Entertainment   |          |
| Gifts and Charitable Contributions  |          |
| Credit Costs  |          |
|   |          |
| Student loan, credit card, other loan payments  Total Expenses                  | Ś        |
| Net Gain or Net Loss (Income less Expenses)                                     | \$<br>\$ |
| Jan. 1 1101 2000 (bollio lous Expelious)  | T        |







# Received Income from Government Programs

May offer a form of income, usually temporary

Government programs such as workers compensation

Scholarships/grants from government sources



Place a checkmark next to income that you have

| Income and Expense Statement for:               |          |
|---|----------|
| Time Period:                                    |          |
|   | Amount   |
| Income  |          |
| Earned Income                                   |          |
| Wages or salary before deductions               |          |
| Unearned Income                                 |          |
| Interest earned this time period                |          |
| Money from savings and investments to help pay  |          |
| expenses during this time period                |          |
| Received Income from Government Programs        | <u> </u> |
| Total Total                                     | \$       |
| Expenses  |          |
| Deductions Often Taken from Paychecks           |          |
| Contributions to retirement programs (401k,     |          |
| 403b, pension, IRA)                             |          |
| Federal income tax and state income tax         |          |
| Social Security and Medicare                    |          |
| Saving and Investing (Pay Yourself First)       |          |
| Contribution to savings and investments         |          |
| Insurance Premiums                              |          |
| Health, automobile, home or renters, life       |          |
| Housing Costs                                   |          |
| Transportation Costs                            |          |
| Food Costs                                      |          |
| Family Member Care                              |          |
| Communication and Computers                     |          |
| Telephone landline, cell phone, Internet,       |          |
| cable/satellite television                      |          |
| Medical Costs Not Covered by Insurance          |          |
| Clothing and Personal Care Educational Expenses |          |
| Pet Care  |          |
| Entertainment                                   |          |
| Gifts and Charitable Contributions              |          |
| Credit Costs                                    |          |
| Student loan, credit card, other loan payments  |          |
| Total Expenses                                  | \$<br>\$ |
| Net Gain or Net Loss (Income less Expenses)     | \$       |







## What are Expenses?



## **Expenses** – money spent

| Income and Expense Statement for:  |          |
|--|----------|
| Time Period:   |          |
|  | Amoun    |
| Income   |          |
| Earned Income  |          |
| Wages or salary before deductions  |          |
| Unearned Income  |          |
| Interest earned this time period   |          |
| Money from savings and investments to help pay<br>expenses during this time period |          |
| Received Income from Government Programs   |          |
| Total Income   | \$       |
| Expenses   |          |
| Deductions Often Taken from Payche ks  |          |
| Contributions to retirement programs (401k,  |          |
| 403b, pension, IRA)  |          |
| Federal income tax and state income tax  |          |
| Social Security and Medicare   |          |
| Saving and Investing (Pay Yourself First)  |          |
| Contribution to savings and investments  |          |
| Insurance Premiums   |          |
| Health, automobile, home or renters, life  |          |
| Housing Costs  |          |
| Transportation Costs   |          |
| Food Costs   |          |
| Family Member Care   |          |
| Communication and Computers  |          |
| Telephone landline, cell phone, Internet,  |          |
| cable/satellite television   |          |
| Medical Costs Not Covered by Insurance   |          |
| Clothing and Personal Care   |          |
| Educational Expenses Pet Care  |          |
| Entertainment  |          |
| Gifts and Charitable Contributions   |          |
| Credit Costs   |          |
| Student loan, credit card, other loan payments                                     |          |
| Total Expenses   | Ś        |
| Net Gain or Net Loss (Income less Expenses)  | \$<br>\$ |





#### **Expense Categories**

- Taxes
- Saving and Investing
- Insurance
- Housing
- Transportation
- Food
- Other

Expenses will vary for every person

| Income and Expense Statement for: Time Period:                                     |  |
|--|--|
| Time Period:   | l .  |
| Income   | Amour  |
| Income Earned Income   |  |
|  | <del>                                     </del> |
| Wages or salary before deductions  Unearned Income                                 |  |
|  |  |
| Interest earned this time period   |  |
| Money from savings and investments to help pay<br>expenses during this time period |  |
| Received Income from Government Programs   |  |
| Total Income   | \$   |
| Expenses   |  |
| Deductions Often Taken from Paychecks  |  |
| Contributions to retirement programs (401k,  |  |
| 403b, pension, IRA)  |  |
| Federal income tax and state income tax  |  |
| Social Security and Medicare   |  |
| Saving and Investing (Pay Yourself First)  |  |
| Contribution to savings and investments  |  |
| Insurance Premiums   | <u> </u>   |
| Health, automobile, home or renters, life  |  |
| Housing Costs  |  |
| Transportation Costs   |  |
| Food Costs   |  |
| Family Member Care Communication and Computers                                     | <del> </del>                                     |
| Telephone landline, cell phone, Internet,  |  |
|  |  |
| cable/satellite television  Medical Costs Not Covered by Insurance                 |  |
| Clothing and Personal Care   | <del>                                     </del> |
| Educational Expenses   |  |
| Pet Care   |  |
| Entertainment  |  |
| Gifts and Charitable Contributions   |  |
| Credit Costs   |  |
| Student loan, credit card, other loan payments                                     |  |
| Total Expenses   | \$   |
| Net Gain or Net Loss (Income less Expenses)  | \$   |







#### **Taxes**

### Deductions often taken from paychecks

- Includes income and payroll tax
- Numbers may be found on the paycheck stub

### Taxes included in other expense categories

- Property taxes such as housing and transportation
- Sales and excise taxes are included within the cost of other expenses

| Income and Expense Statement for:                              |          |
|--|----------|
| Time Period:   |          |
|  | Amount   |
| Income   |          |
| Earned Income  |          |
| Wages or salary before deductions                              |          |
| Unearned Income  |          |
| Interest earned this time period                               |          |
| Money from savings and investments to help pay                 |          |
| expenses during this time period                               |          |
| Received Income from Government Programs                       |          |
| Total Income   | \$       |
| Expenses   |          |
| Deductions Often Taken from Paychecks                          |          |
| Contributions to retirement programs (401k,                    |          |
| ້.ວວນ, pension, IRA)   |          |
| Federal income tax and state income tax                        |          |
| Social Security and Medicare                                   |          |
| Suv and Investing (Pay Yourself First)                         |          |
| Contribution to savings and investments                        |          |
| Insurance Premiums   |          |
| Health, automount home or renters, life                        |          |
| Housing Costs  |          |
| Transportation Costs   |          |
| roc.   |          |
| Family Member Care   |          |
| Communication and Computers                                    |          |
| Telephone landline, cell phone, Internet,                      |          |
| cable/satellite television                                     |          |
| Medical Costs Not Covered by Insurance                         |          |
| Clothing and Personal Care                                     |          |
| Educational Expenses   |          |
| Pet Care Entertainment   |          |
| Gifts and Charitable Contributions                             |          |
| Credit Costs   |          |
|  |          |
| Student loan, credit card, other loan payments  Total Expenses | Ċ        |
| Net Gain or Net Loss (Income less Expenses)                    | \$<br>\$ |







#### Saving and Investing

**Present** 



Saving and Investing

**Future** 

- Includes any portion of income that is saved or invested for <u>future</u> use
- Retirement investments may be deducted directly from a paycheck

| Income  Earned Income  Wages or salary before deductions  Unearned Income  Interest earned this time period  Money from savings and investments to help pay expenses during this time period  Received Income from Government Programs  Total Income  Expenses  Deductions to retirement programs (401k, 403b, pension, IRA) Federal Income tax and state Income tax  Social Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiume  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs  Credit Costs         | me Period:                                     |         |
|--|--|---------|
| Wages or salary before deductions  Unearned Income  Interest earned this time period  Money from savings and investments to help pay expenses during this time period  Received Income from Government Programs  Total Income  Expenses  Deductions of ten raken from raychecia.  Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Social Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs |  | Amo     |
| Wages or salary before deductions  Unearned Income  Interest earned this time period  Money from savings and investments to help pay expenses during this time period  Received Income from Government Programs  Total Income  Expenses  Deductions Opter Taken From Payerses.  Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Social Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   |  |         |
| Interest earned this time period Money from savings and investments to help pay expenses during this time period  Received Income from Government Programs  Total Income  Expenses  Deductions of territorian raychecia.  Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Cocial Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   | rned Income                                    |         |
| Interest earned this time period  Money from savings and investments to help pay expenses during this time period  Received Income from Government Programs  Total Income  Expenses  Deductions of the Taken from Payenesis  Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Cocial Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Communication to Costs  Food Costs  Framily Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   |  |         |
| Money from savings and investments to help pay expenses during this time period  Received Income from Government Programs  Total Income  Expenses  Deductions of ten raken from raychecia.  Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Cocial Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promisms  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   | nearned Income                                 |         |
| expenses during this time period  Received Income from Government Programs  Total Income  Expenses  Deductions often Taken from Payeneett  Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Contribution to savings and investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   |  |         |
| Received Income from Government Programs Total Income  Expenses  Deductions often Taken from Payenecial  Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Cocial Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs  |  |         |
| Expenses  Deductions often raken from raychecia.  Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Social Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   | expenses during this time period               |         |
| Expenses  Deductions of the raken from Payenecial Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Godal Security and Medicare  Saving and Investing (Pay Yourself First) Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   | eceived Income from Government Programs        | Ċ       |
| Contributions to retirement programs (401k, 403b, pension, IRA)  Federal income tax and state income tax  Social Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   |  | <u></u> |
| Contributions to retirement programs (401k, 403b, pension, IRA)  Federal Income tax and state income tax  Social Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   |  |         |
| 403b, pension, IRA) Federal Income tax and state Income tax  Social Security and Medicare Saving and Investing (Pay Yourself First) Contribution to savings and investments Insurance Promiums Health, automobile, home or renters, life Housing Costs Transportation Costs Food Costs Family Member Care Communication and Computers Telephone landline, cell phone, Internet, cable/satellite television Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs   |  |         |
| Federal Income tax and state Income tax  Social Security and Medicare  Saving and Investing (Pay Yourself First)  Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs  |  |         |
| Contribution to savings and investments Insurance Promiums Health, automobile, home or renters, life Housing Costs Transportation Costs Food Costs Family Member Care Communication and Computers Telephone landline, cell phone, Internet, cable/satellite television Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs   |  |         |
| Saving and Investing (Pay Yourself First) Contribution to savings and investments Insurance Committee Health, automobile, home or renters, life Housing Costs Transportation Costs Food Costs Family Member Care Communication and Computers Telephone landline, cell phone, Internet, cable/satellite television Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs  | Federal income tax and state income tax        |         |
| Contribution to savings and investments  Insurance Promiums  Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs  |  |         |
| Health, automobile, home or renters, life Housing Costs Transportation Costs Food Costs Family Member Care Communication and Computers Telephone landline, cell phone, Internet, cable/satellite television Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs  | ving and Investing (Pay Yourself First)        |         |
| Health, automobile, home or renters, life  Housing Costs  Transportation Costs  Food Costs  Family Member Care  Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs   |  |         |
| Housing Costs Transportation Costs Food Costs Family Member Care Communication and Computers Telephone landline, cell phone, Internet, cable/satellite television Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs  | Sulune   |         |
| Transportation Costs Food Costs Family Member Care Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs   |  |         |
| Food Costs Family Member Care Communication and Computers Telephone landline, cell phone, Internet, cable/satellite television Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs   |  |         |
| Family Member Care Communication and Computers  Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs  |  |         |
| Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs  |  |         |
| Telephone landline, cell phone, Internet, cable/satellite television  Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs  |  |         |
| cable/satellite television  Medical Costs Not Covered by Insurance  Clothing and Personal Care  Educational Expenses  Pet Care  Entertainment  Gifts and Charitable Contributions  Credit Costs  | •  |         |
| Medical Costs Not Covered by Insurance Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs  |  |         |
| Clothing and Personal Care Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs   |  |         |
| Educational Expenses Pet Care Entertainment Gifts and Charitable Contributions Credit Costs  |  |         |
| Pet Care Entertainment Gifts and Charitable Contributions Credit Costs   |  |         |
| Entertainment<br>Gifts and Charitable Contributions<br>Credit Costs  |  |         |
| Gifts and Charitable Contributions Credit Costs  |  |         |
| Credit Costs   |  |         |
| Student loan credit card other loan nayments   |  |         |
|  | Student loan, credit card, other loan payments |         |
| Total Expenses \$  |  | Ś       |





# Why can savings and investments be both an income and expense?

Using money from savings or investments to pay for expenses during the time period

Adding money to savings or investments for future use

| Income and Expense Statement for                | :                |
|---|------------------|
| Time Period:                                    |                  |
|   | Amoun            |
| Income  | •                |
| Earned Income                                   |                  |
| Wages or salary before deduction                | ns               |
| Unearned Income                                 |                  |
| incerest earned this time period                |                  |
| Money from savings and investm                  | ents to help pay |
| expenses during this time period                |                  |
| Received from Government                        | D. WILLO         |
| Total Income                                    | \$               |
| Expenses  |                  |
| Deductions Often Taken from Paych               |                  |
| Contributions to retirement prog                | rams (401k,      |
| 403b, pension, IRA)                             |                  |
| Federal income tax and state inco               | ome tax          |
| Social Security and Medicare                    |                  |
| Saving and Investing (Pay Yourself              | First)           |
| Contribution to savings and inves               | stments          |
| Insurume Promiums                               |                  |
| Health, automobile, home or ren                 | ters, life       |
| Housing Costs                                   |                  |
| Transportation Costs                            |                  |
| Food Costs                                      |                  |
| Family Member Care                              |                  |
| Communication and Computers                     |                  |
| Telephone landline, cell phone, Ir              | nternet,         |
| cable/satellite television                      |                  |
| Medical Costs Not Covered by Insur              | rance            |
| Clothing and Personal Care                      |                  |
| Educational Expenses                            |                  |
| Pet Care  |                  |
| Entertainment                                   |                  |
| Gifts and Charitable Contributions Credit Costs |                  |
|   |                  |
| Student loan, credit card, other lo             |                  |
| Total Expenses                                  | SExpenses) \$    |
| Net Gain or Net Loss (Income less I             | expenses)   5    |





#### Insurance

Insurance - a product that transfers risk from an individual to an insurance company or organization

Health

Property and liability (home, automobile)

Life

Disability

| Income and Expense Statement for: Time Period:                                   |          |
|--|----------|
| Time Period.   | Amount   |
| Income   | Amount   |
| Earned Income  |          |
|  |          |
| Wages or salary before deductions  Unearned Income                               | -        |
|  |          |
| Interest earned this time period  Money from savings and investments to help pay |          |
| expenses during this time period   |          |
| Received Income from Government Programs   |          |
| Total Income   | \$       |
| Expenses   |          |
| Deductions Often Taken from Paychecks  |          |
| Contributions to retirement programs (401k,                                      |          |
| 403b, pension, IRA)  |          |
| Federal income tax and state income tax  |          |
| Social Security and Medicare   |          |
| Saving and Investing (Pay Yourself First)  |          |
| Contribution to Savings and investment   |          |
| Insurance Premiums   |          |
| Health, automobile, home or renters, life  |          |
| Housing Costs  |          |
| Transportation Costs   |          |
| Food Costs   |          |
| Family Member Care   |          |
| Communication and Computers  |          |
| Telephone landline, cell phone, Internet,  |          |
| cable/satellite television   |          |
| Medical Costs Not Covered by Insurance   |          |
| Clothing and Personal Care   |          |
| Educational Expenses   |          |
| Pet Care   |          |
| Entertainment  |          |
| Gifts and Charitable Contributions Credit Costs                                  |          |
| Student loan, credit card, other loan payments                                   |          |
| Total Expenses   | \$       |
| Net Gain or Net Loss (Income less Expenses)                                      | \$<br>\$ |





#### Four on the Floor



 If you receive a paper, add at least one expense to any of the categories that wasn't already recorded

What expenses may be included in the "housing" category?

What expenses may be included in the "transportation" category?

What expenses may be included in the "food" category?

What expenses may be included in the "other" category?





#### What expenses were recorded in the housing category?



Housing payment (rent or mortgage)

**Utilities** 

Property taxes

Maintenance

Household furnishings Home/renter's insurance (included in insurance)

| Income and Expense Statement for:  |        |
|--|--------|
| Time Period:   |        |
|  | Amount |
| Income   |        |
| Earned Income  |        |
| Wages or salary before deductions  |        |
| Unearned Income  |        |
| Interest earned this time period   |        |
| Money from savings and investments to help pay<br>expenses during this time period |        |
| Received Income from Government Programs   |        |
| Total Income   | \$     |
| Expenses   |        |
| Deductions Often Taken from Paychecks  |        |
| Contributions to retirement programs (401k,  |        |
| 403b, pension, IRA)  |        |
| Federal income tax and state income tax  |        |
| Social Security and Medicare   |        |
| Saving and Investing (Pay Yourself First)  |        |
| Contribution to savings and investments  |        |
| Insurance Premiums   |        |
| Health, automobile, home or renters, life  |        |
| Housing Costs  |        |
| Transportation Costs   |        |
| Food Costs   |        |
| Family Member Care   |        |
| Communication and Computers  |        |
| Telephone landline, cell phone, Internet,  |        |
| cable/satellite television   |        |
| Medical Costs Not Covered by Insurance   |        |
| Clothing and Personal Care   |        |
| Educational Expenses   |        |
| Pet Care   |        |
| Entertainment  |        |
| Gifts and Charitable Contributions<br>Credit Costs                                 |        |
|  |        |
| Student loan, credit card, other loan payments                                     | Ċ      |
| Total Expenses   | \$     |
| Net Gain or Net Loss (Income less Expenses)  | \$     |







#### What expenses were recorded in the transportation category?



#### Personal automobile:

- Loan payment
- Fuel
- License and registration
- Repairs and maintenance
- Insurance (included in insurance category)

Public transportation fees

| Income and Expense Statement for:              |        |
|--|--------|
| Time Period:                                   |        |
|  | Amount |
| Income   |        |
| Earned Income                                  |        |
| Wages or salary before deductions              |        |
| Unearned Income                                |        |
| Interest earned this time period               |        |
| Money from savings and investments to help pay |        |
| expenses during this time period               |        |
| Received Income from Government Programs       | 4      |
| Total Income                                   | \$     |
| Expenses                                       |        |
| Deductions Often Taken from Paychecks          |        |
| Contributions to retirement programs (401k,    |        |
| 403b, pension, IRA)                            |        |
| Federal income tax and state income tax        |        |
| Social Security and Medicare                   |        |
| Saving and Investing (Pay Yourself First)      |        |
| Contribution to savings and investments        |        |
| Insurance Premiums                             |        |
| Health automobile, home or renters, life       |        |
| nousing Costs                                  |        |
| Transportation Costs                           |        |
| Tu.  |        |
| Family Member Care                             |        |
| Communication and Computers                    |        |
| Telephone landline, cell phone, Internet,      |        |
| cable/satellite television                     |        |
| Medical Costs Not Covered by Insurance         |        |
| Clothing and Personal Care                     |        |
| Educational Expenses Pet Care                  |        |
| Entertainment                                  |        |
| Gifts and Charitable Contributions             |        |
| Credit Costs                                   |        |
| Student loan, credit card, other loan payments |        |
| Total Expenses                                 | \$     |
| Net Gain or Net Loss (Income less Expenses)    | \$     |
| c. itel bes (come loss Expenses)               | ۲      |





# What expenses were recorded in the <u>food</u> category?

Groceries

Meals eaten at restaurants

Snacks away from home

Kitchen supplies

| Income and Expense Statement for:  |        |
|--|--------|
| Time Period:   |        |
|  | Amount |
| Income   |        |
| Earned Income  |        |
| Wages or salary before deductions  |        |
| Unearned Income  |        |
| Interest earned this time period   |        |
| Money from savings and investments to help pay<br>expenses during this time period | '      |
| Received Income from Government Programs   |        |
| Total Income   | \$     |
| Expenses   |        |
| Deductions Often Taken from Paychecks  |        |
| Contributions to retirement programs (401k,  |        |
| 403b, pension, IRA)  |        |
| Federal income tax and state income tax  |        |
| Social Security and Medicare   |        |
| Saving and Investing (Pay Yourself First)  |        |
| Contribution to savings and investments  |        |
| Insurance Premiums   |        |
| Health, automobile, home or renters, life  Housing Costs                           | -      |
| rransportation Costs   |        |
| Food Costs   |        |
| Samily Men Ser Care  |        |
| Communication and Computers  |        |
| Telephone landline, cell phone, Internet,  |        |
| cable/satellite television   |        |
| Medical Costs Not Covered by Insurance   |        |
| Clothing and Personal Care   |        |
| Educational Expenses   |        |
| Pet Care   |        |
| Entertainment  |        |
| Gifts and Charitable Contributions   |        |
| Credit Costs   |        |
| Student loan, credit card, other loan payments                                     | 1      |
| Total Expenses   | \$     |
| Net Gain or Net Loss (Income less Expenses)  | \$     |



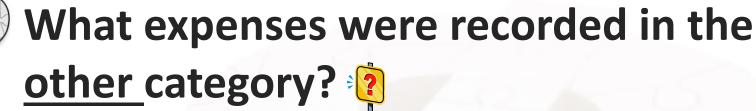
## What expenses were recorded in the other category?

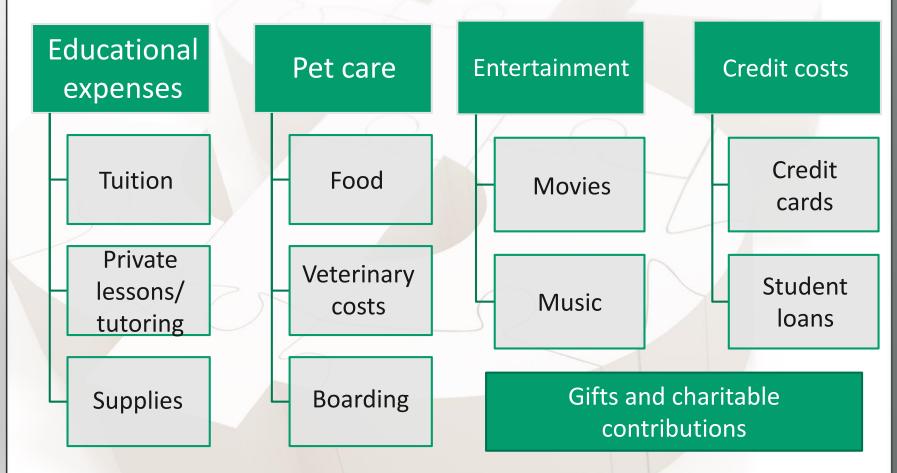
Medical costs Communication Clothing and Family member not covered by and computers personal care care insurance Medical Cell phone Shampoo Child care care Dental Internet Allowances Toothpaste service care Care for Cable/satellite other Medications Haircuts television dependents

© Take Charge Today - August 2013 - Income and Expense Statement - Slide 24

Funded by a grant from Take Charge America, Inc. to the Norton School of Family and Consumer Sciences Take Charge America Institute at the University of Arizona

THE UNIVERSITY
OF ARIZONA.











## Make the Income and Expense Statement your own!

Customize the categories to represent all income and expenses you have

Specific categories may be more effective



Place a checkmark next to expenses that you have







## Find a tracking method that works for you

Record in writing

Smartphone

Keep receipts

Depository institution account statements

Money management computer software program

A written system is more effective than a mental system – like Evan you can trick yourself into thinking you spend less than you do!





#### **Net Gain or Net Loss**

Income Expenses



Net Gain or Net Loss

₩ Net gain



| Income and Expense Statement for:               |          |
|---|----------|
| Time Period:                                    |          |
|   | Amount   |
| Income  |          |
| Earned Income                                   |          |
| Wages or salary before deductions               |          |
| Unearned Income                                 |          |
| Interest earned this time period                |          |
| Money from savings and investments to help pa   | ny       |
| expenses during this time period                |          |
| Received Income from Government Programs        |          |
| Total Income                                    | \$       |
| Expenses  |          |
| Deduct  |          |
| Goal is to have                                 |          |
| 403t GOALIS TO HAVE                             |          |
| Fede : Lo Co Lo Co / Grando                     |          |
| Fede Social income (from                        |          |
| Constant  |          |
| Cont sources other                              |          |
| Insurar   |          |
| Heal than drawing                               |          |
| Housing Main Grawing                            |          |
| Transa  |          |
| Food C down savings or                          |          |
| Family  |          |
| <b>Commi</b> selling assets)                    |          |
| Tele Selling assets)                            |          |
| cable   |          |
| Medica greater than                             |          |
| Clothin   |          |
| Educati<br>Pet Car expenses.                    |          |
|   |          |
| Enterta   |          |
| Gifts and Charitable Contributions Credit Costs |          |
|   |          |
| Student loan credit card, other loan payments   | <u> </u> |
| Not Coin or Not Loss (Income loss Expenses)     | \$       |
| Net Gain or Net Loss (Income less Expenses)     | Ş        |

Income and Expense Statement for:



#### **Net Gain**

#### **Net Loss**

Use that money for savings or other expenses

Increase income and/or decrease expenses

Statement of Financial Position

Income & Expense Statement

**Spending Plan** 

A spending plan will help you plan your spending

What is my financial position today?

How have I managed my money in the past?

What is my <u>future</u> money management plan?







#### **Summary**

Tells you where your money is coming from and where it is going

Three components: income, expenses, and net gain/loss

Use a tracking method that works best for you

Customize income and expense categories

| Income and Expense Statement for:              |       |
|--|-------|
| Time Period:                                   |       |
|  | Amour |
| Income   |       |
| Earned Income                                  |       |
| Wages or salary before deductions              |       |
| Unearned Income                                |       |
| Interest earned this time period               |       |
| Money from savings and investments to help pay |       |
| expenses during this time period               |       |
| Received Income from Government Programs       |       |
| Total Income                                   | \$    |
| Expenses                                       |       |
| Deductions Often Taken from Payche ks          |       |
| Contributions to retirement programs (401k,    |       |
| 403b, pension, IRA)                            |       |
| Federal income tax and state income tax        |       |
| Social Security and Medicare                   |       |
| Saving and Investing (Pay Yourself First)      |       |
| Contribution to savings and investments        |       |
| Insurance Premiums                             |       |
| Health, automobile, home or renters, life      |       |
| Housing Costs                                  |       |
| Transportation Costs                           |       |
| Food Costs                                     |       |
| Family Member Care                             |       |
| Communication and Computers                    |       |
| Telephone landline, cell phone, Internet,      |       |
| cable/satellite television                     |       |
| Medical Costs Not Covered by Insurance         |       |
| Clothing and Personal Care                     |       |
| Educational Expenses                           |       |
| Pet Care<br>Entertainment                      | -     |
| Gifts and Charitable Contributions             |       |
| Credit Costs                                   |       |
|  |       |
| 10tal Expenses                                 | \$    |
| I OLUI ENDEIISES                               | \$    |



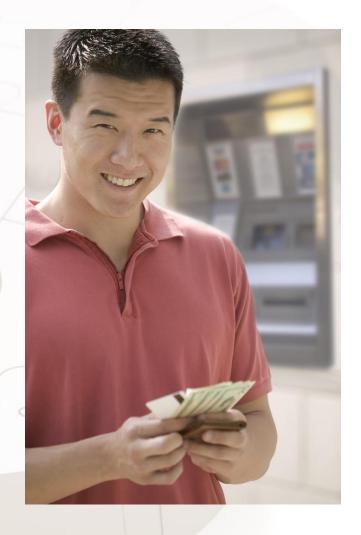


#### **Meet Evan**

Paid once per month

Puts enough money in his checking account to cover his expenses for the month

He runs out of money each month before all of his expenses are paid









### How does Evan think he is spending his money?

- Evan created a list of all of his expenses
- First allocates money to his savings account
- Estimates that his remaining expenses will be no more than \$1000/month:
- But he runs out of money before the end of each month

| Expense            | Amount |
|--------------------|--------|
| Rent and Utilities | \$500  |
| Health insurance   | \$100  |
| Renter's Insurance | \$10   |
| Car insurance      | \$40   |
| Gas                | \$100  |
| Groceries          | \$100  |
| Cell phone         | \$70   |
| Personal care      | \$30   |
| Entertainment      | \$50   |
| Total              | \$1000 |





## Are you sure there isn't anything else you spend your money on, Evan?



Well... I do purchase a cup of drip coffee almost every morning but that is only \$1.00! And I usually eat lunch at a restaurant about once per week... but I didn't think that added up to much money.

\$30/

month

\$1.00/ day

\$365/ year

Lunch at \$8.00/ week



\$32/ month



\$416/ year

Evan wasn't accounting for \$62.00 per month!







## Help Evan Create an Income and Expense Statement





Create an Income and Expense Statement for Evan for the month of March

Evan has summarized the information from his March paycheck

This is Evan's only source of income

| 7 | Gross Income    | \$1600.00 |
|---|-----------------|-----------|
|   | Federal         | \$200.00  |
|   | Income Tax      |           |
|   | Social Security | \$99.20   |
|   | Medicare        | \$23.20   |
|   | Net Income      | \$1277.60 |





#### **Evan's Expenses**

Used an app on his smartphone to track his expenses

3/1 – Automatic transfer to savings account \$255.52

3/1 – \$400 check for rent payment

3/1 - Health insurance \$100

3/2 – Withdrew \$20 in cash to purchase daily coffee

3/3 – Lunch \$6.50

3/3 - Hockey game admission - \$10

3/5 – Purchased gas for \$40

3/6 – Movie theater ticket \$7.50

3/7 – Groceries \$52









#### **Evan's Expenses**

- 3/10 Lunch \$8
- 3/12 Basketball game admission \$15
- 3/15 Cell phone payment \$70
- 3/15 Car insurance payment \$40
- 3/15 Renter's insurance payment \$10
- 3/16 Haircut \$15
- 3/17 Purchased gas for \$40
- 3/20 Lunch \$7.50
- 3/25 Bowling with friends \$15
- 3/27 Groceries \$38
- 3/27 Concert ticket \$45
- 3/28 Purchased gas for \$40
- 3/31 Electricity payment \$50
- 3/31 Water payment \$50





