

Spending Plans

Advanced Level

What is a Spending Plan?



An income and expense statement sometimes referred to as a budget which records both planned and actual income and expenses over a period of time



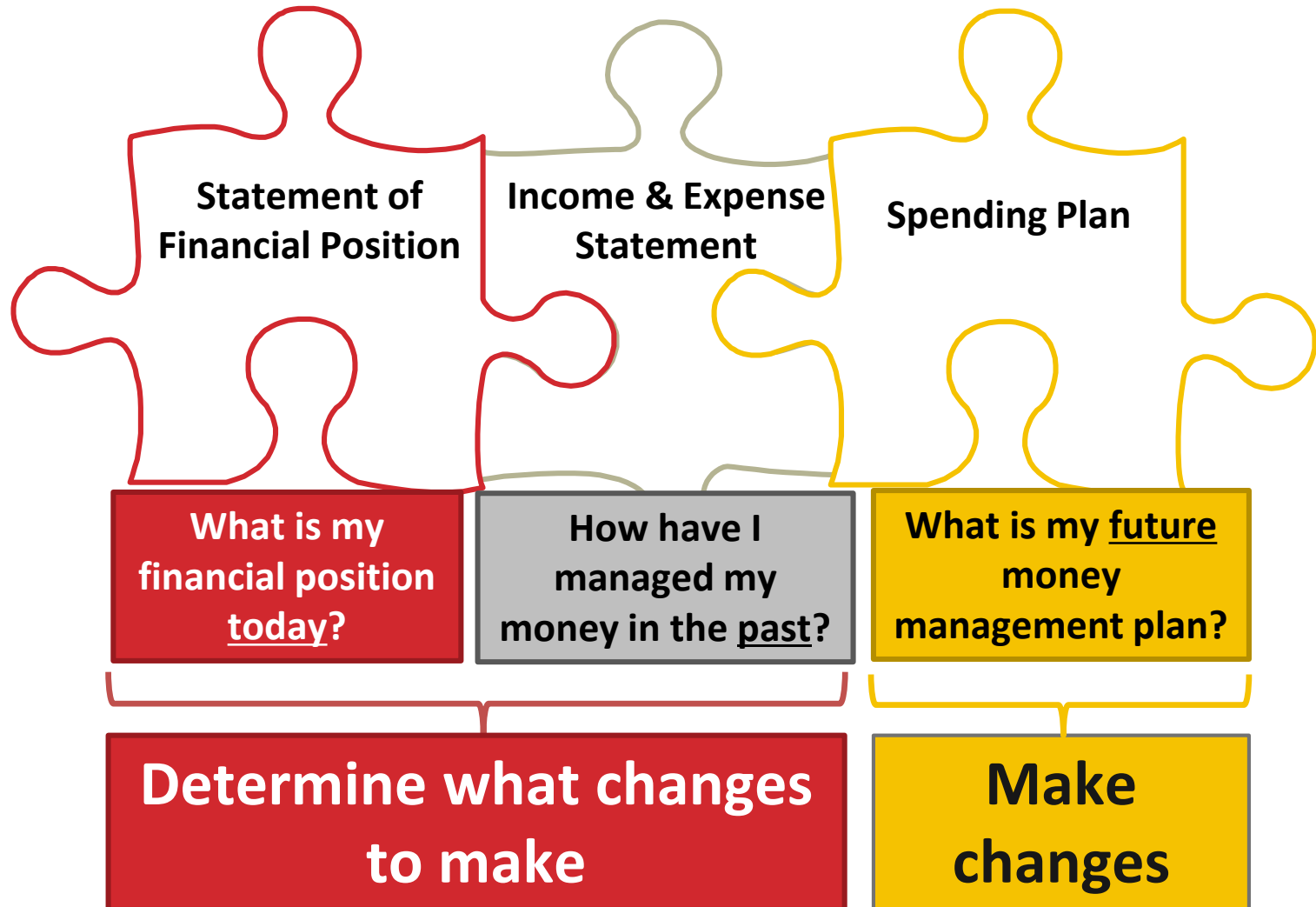
A budget

Spending Plan for:		
Time Period:		
	Planned Amount	Actual Amount
Income		
Earned Income		
Wages or salary before deductions		
Unearned Income		
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	\$	\$
Net Gain or Net Loss (Income less Expenses)	\$	\$

Why is a  Spending Plan an important part of financial planning?



Money Management Tools



A forward-looking Income and Expense Statement

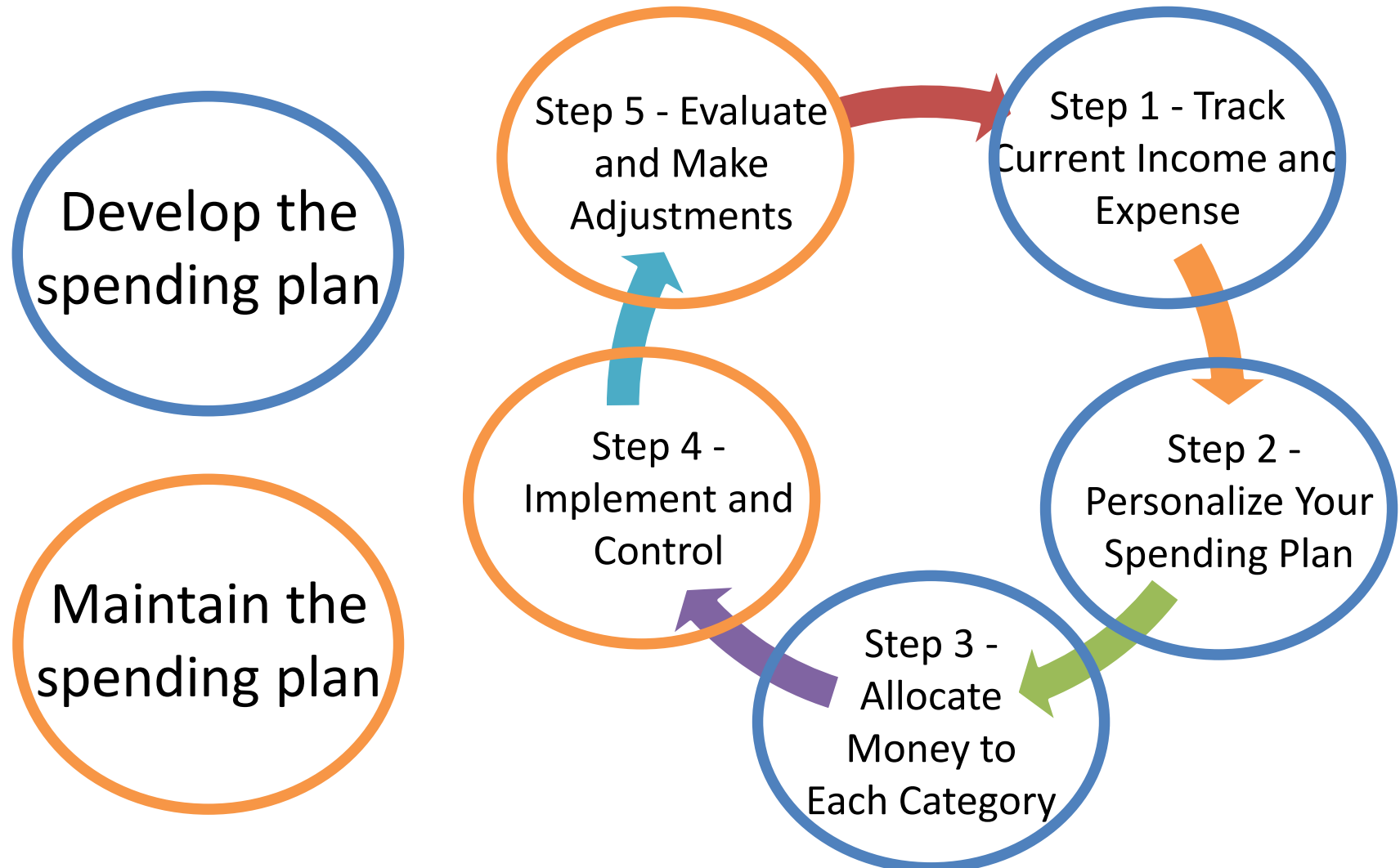
Income and Expense Statement for:	
Time Period:	
	Amount
Income	
Earned Income	
Wages or salary before deductions	
Unearned Income	
Interest earned this time period	
Money from savings and investments to help pay expenses during this time period	
Received Income from Government Programs	
Total Income	\$
Expenses	
Deductions Often Taken from Paychecks	
Contributions to retirement programs (401k, 403b, pension, IRA)	
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Total Expenses	\$
Net Gain or Net Loss (Income less Expenses)	\$



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Total Expenses	\$	\$
Net Gain or Net Loss (Income less Expenses)	\$	\$

May use the same template for both the Income and Expense Statement and the Spending Plan

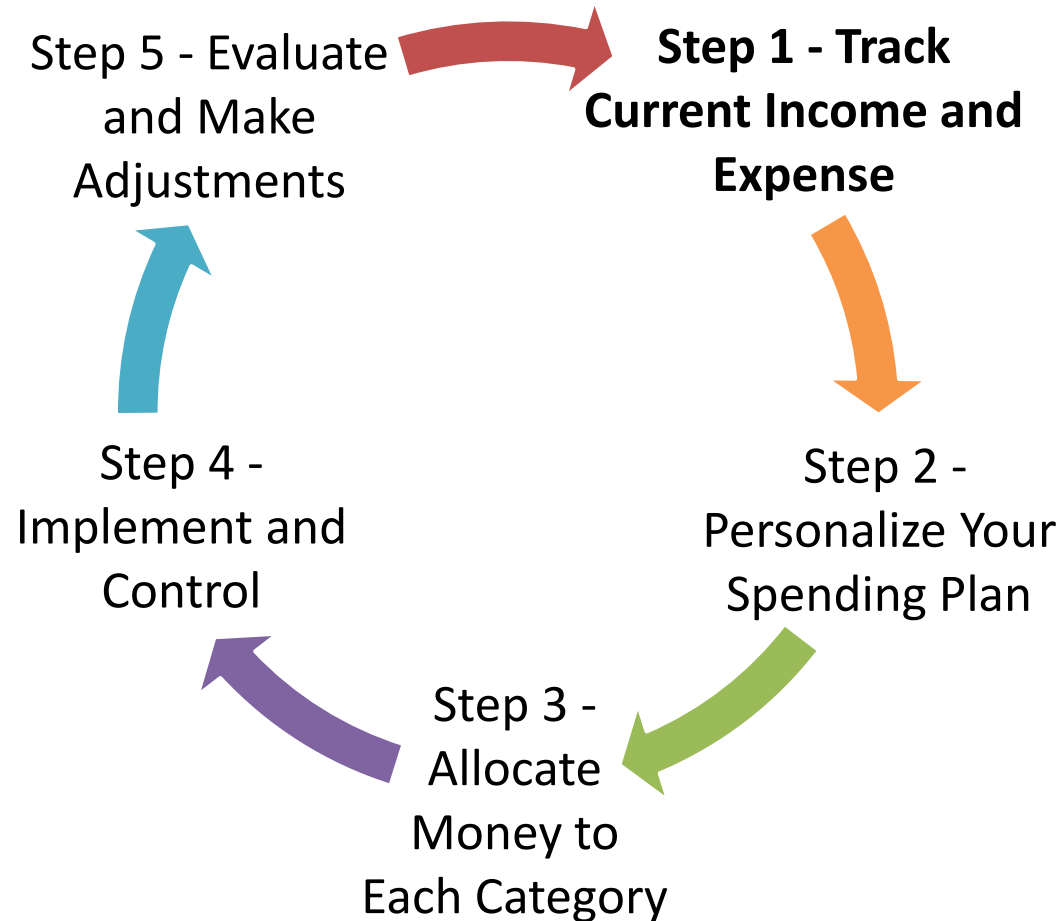
Spending Plan Development Process



Track Current Income and Expenses

Completed by developing an Income and Expense Statement

Ensures spending plan is realistic

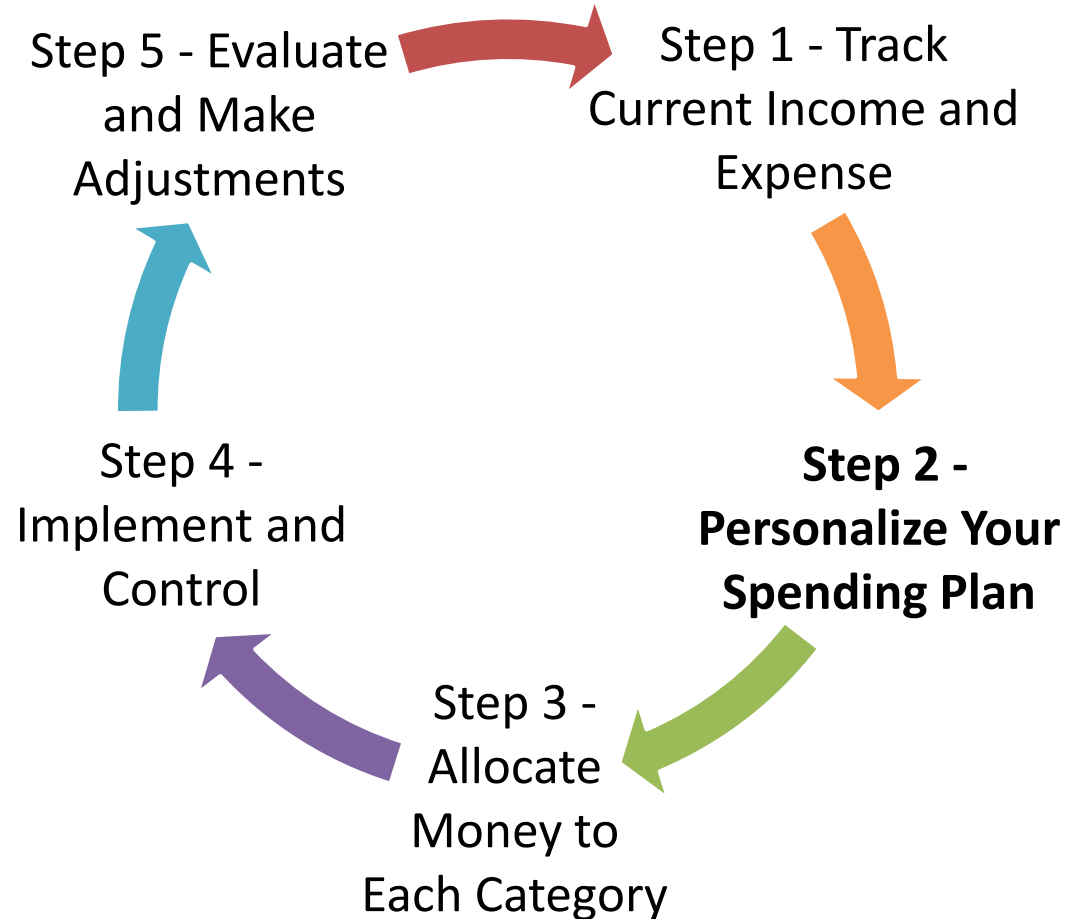


Personalize Your Spending Plan

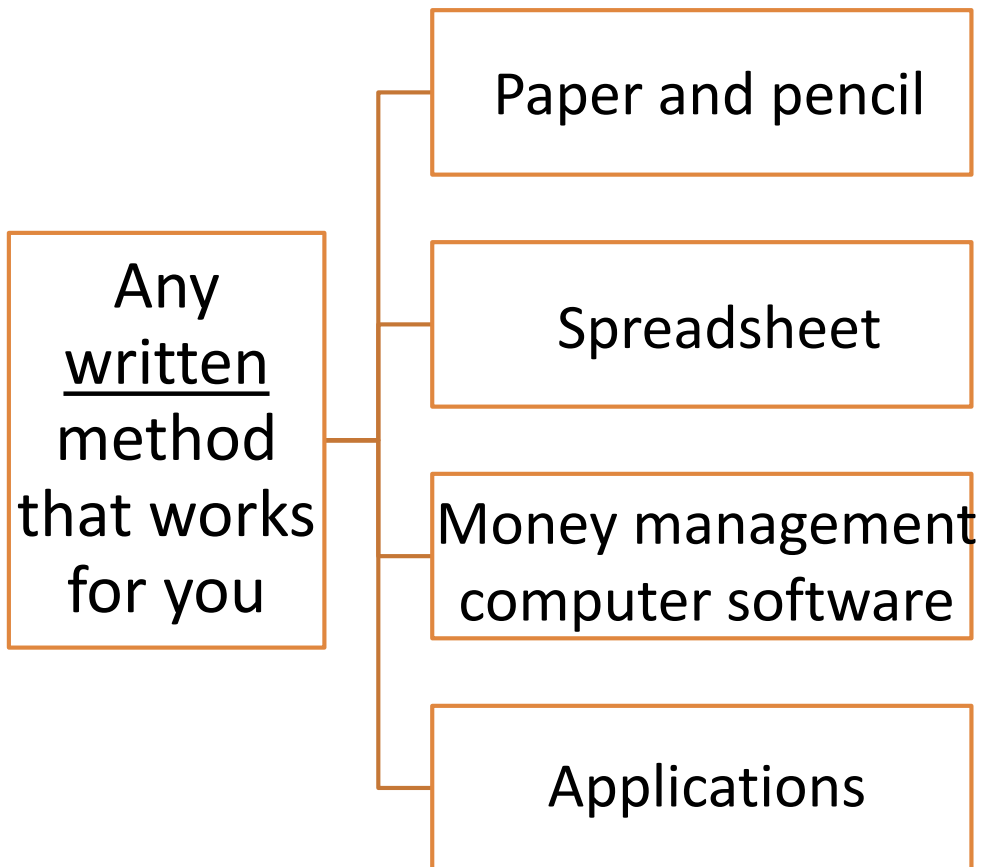
How will you develop a spending plan?

What is the intended time period for your spending plan?

What categories will your spending plan include?




How will you develop a spending plan?



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Time Period:		
	Planned Amount	Actual Amount
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Communication		
Telephone		
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How would you develop a spending plan?



What is the intended time period for your spending plan?

- Usually concurrent with pay period

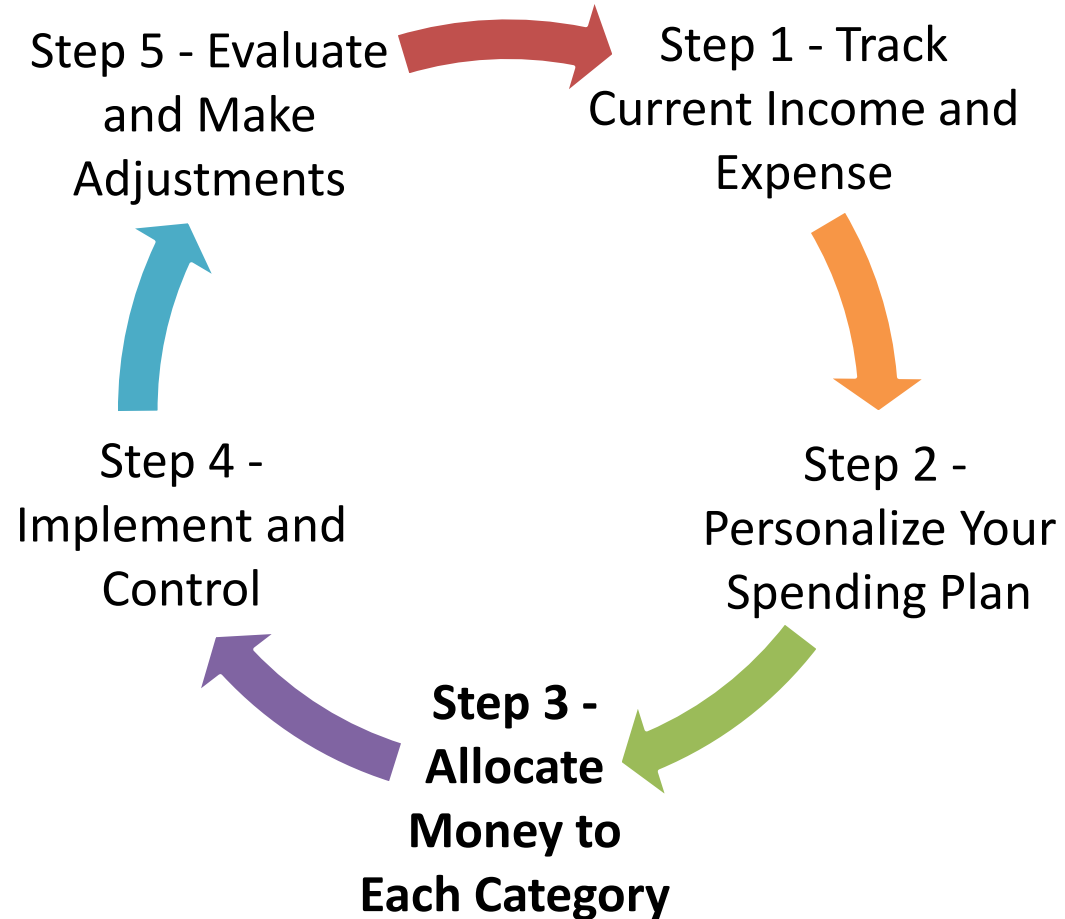
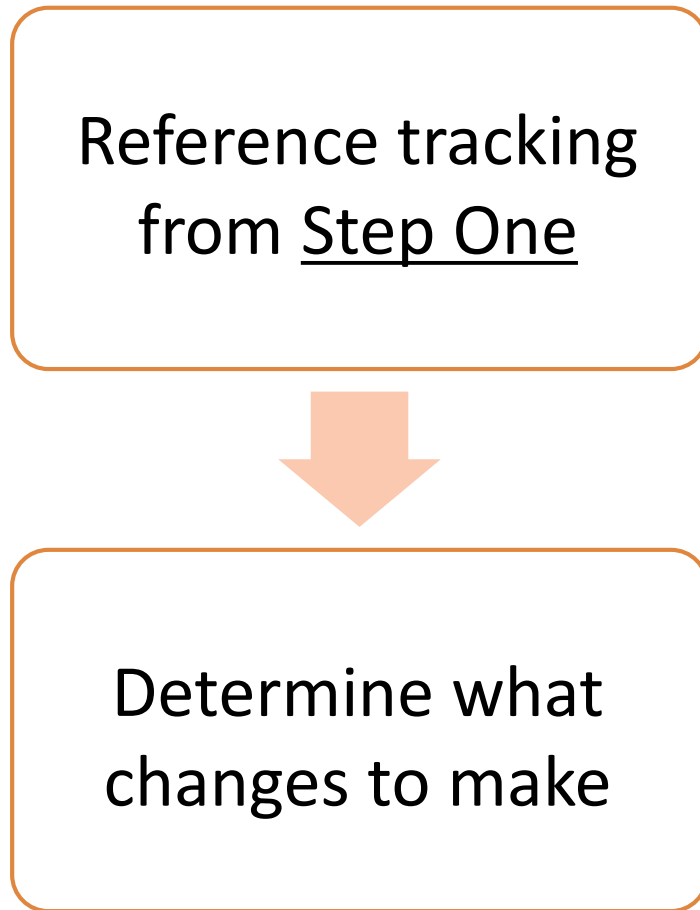
What time period would you choose for your spending plan?



What categories will your spending plan include?

- Reference tracking from the Income and Expense Statement
- Do any categories need added, changed, or removed?

Allocate Money to Each Category

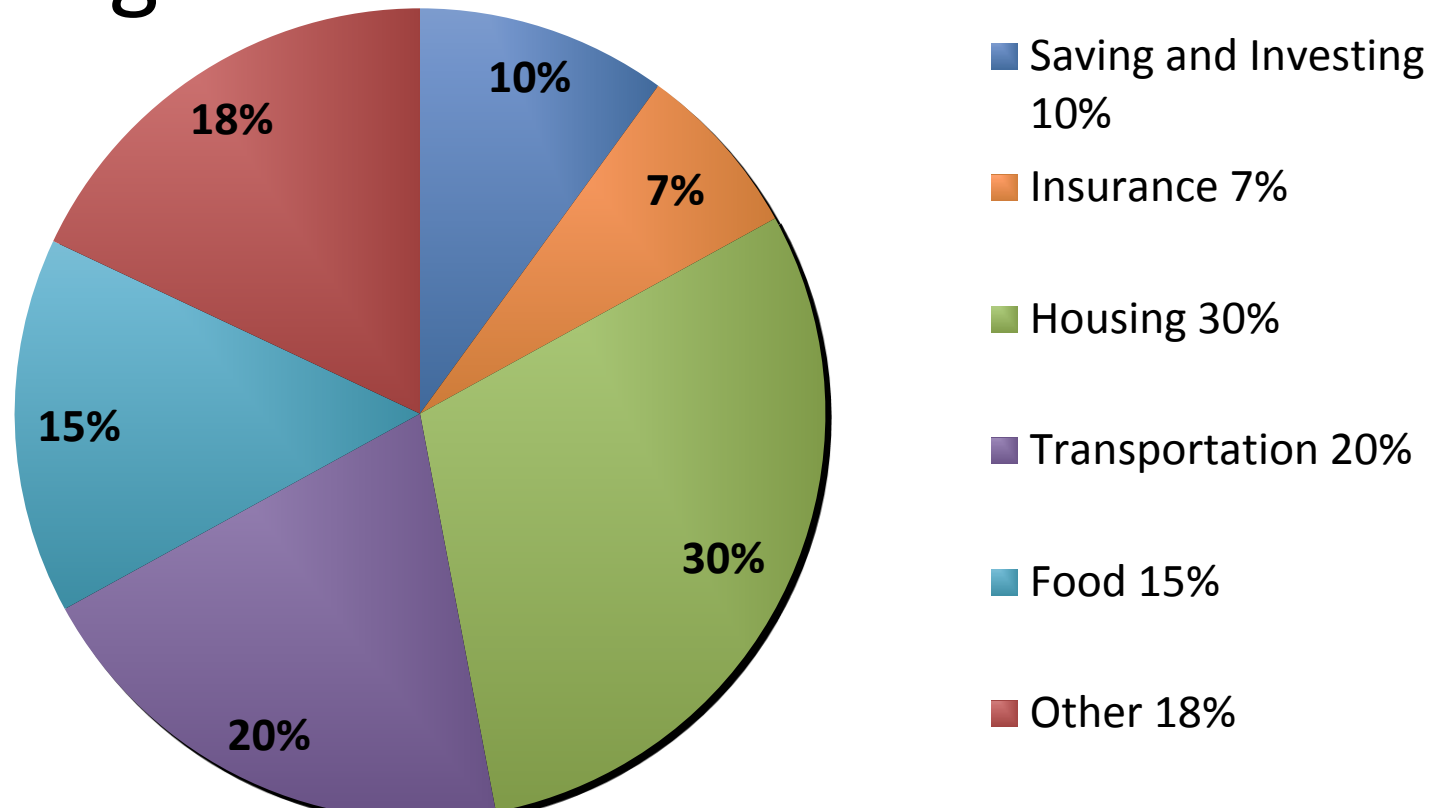


When allocating money consider:



Contractual	Non-contractual
Required to pay expense for a specific amount of time - not easy to reduce or eliminate	Easy to reduce or eliminate
Rent, Internet, Cell phone	Food, entertainment

Spending Plan Guide



What variables may cause these percentages to be different?

Net Gain or Net Loss?



Net Gain?

- Add more money to savings or another expense

Net Loss?

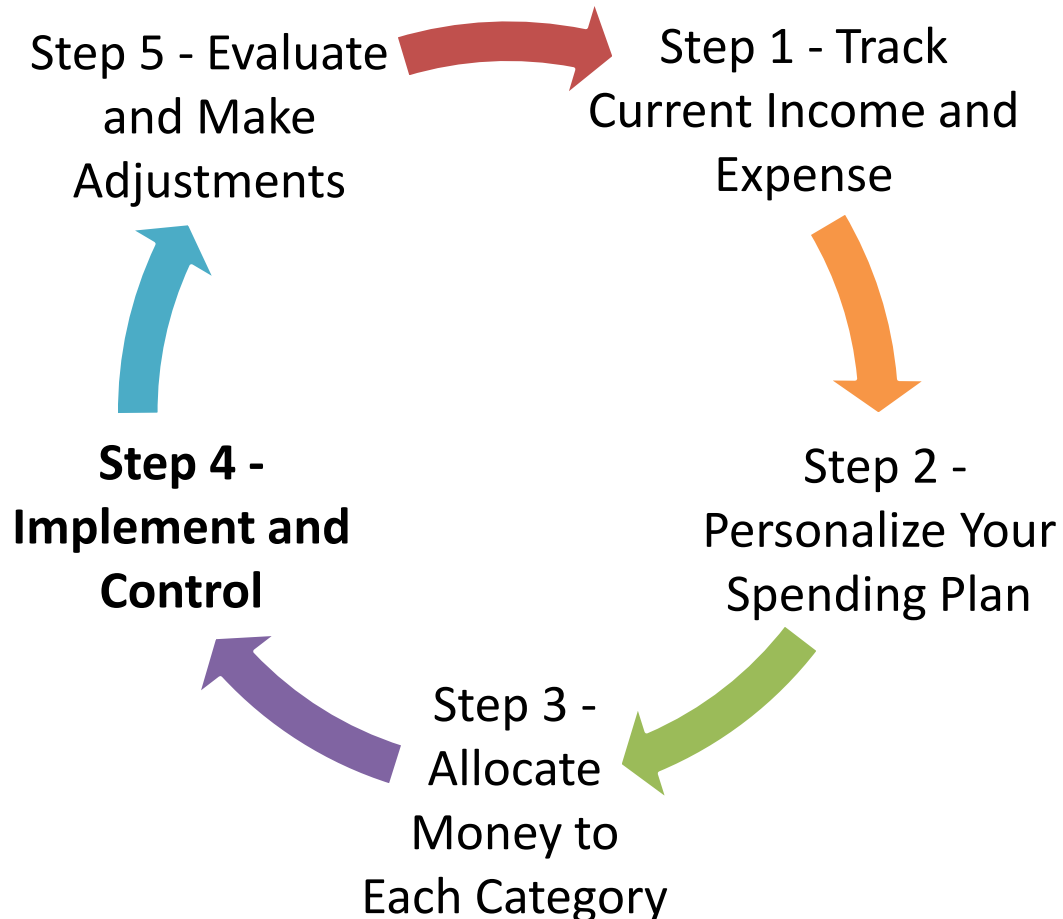
- Increase income
- Decrease expenses
- Both

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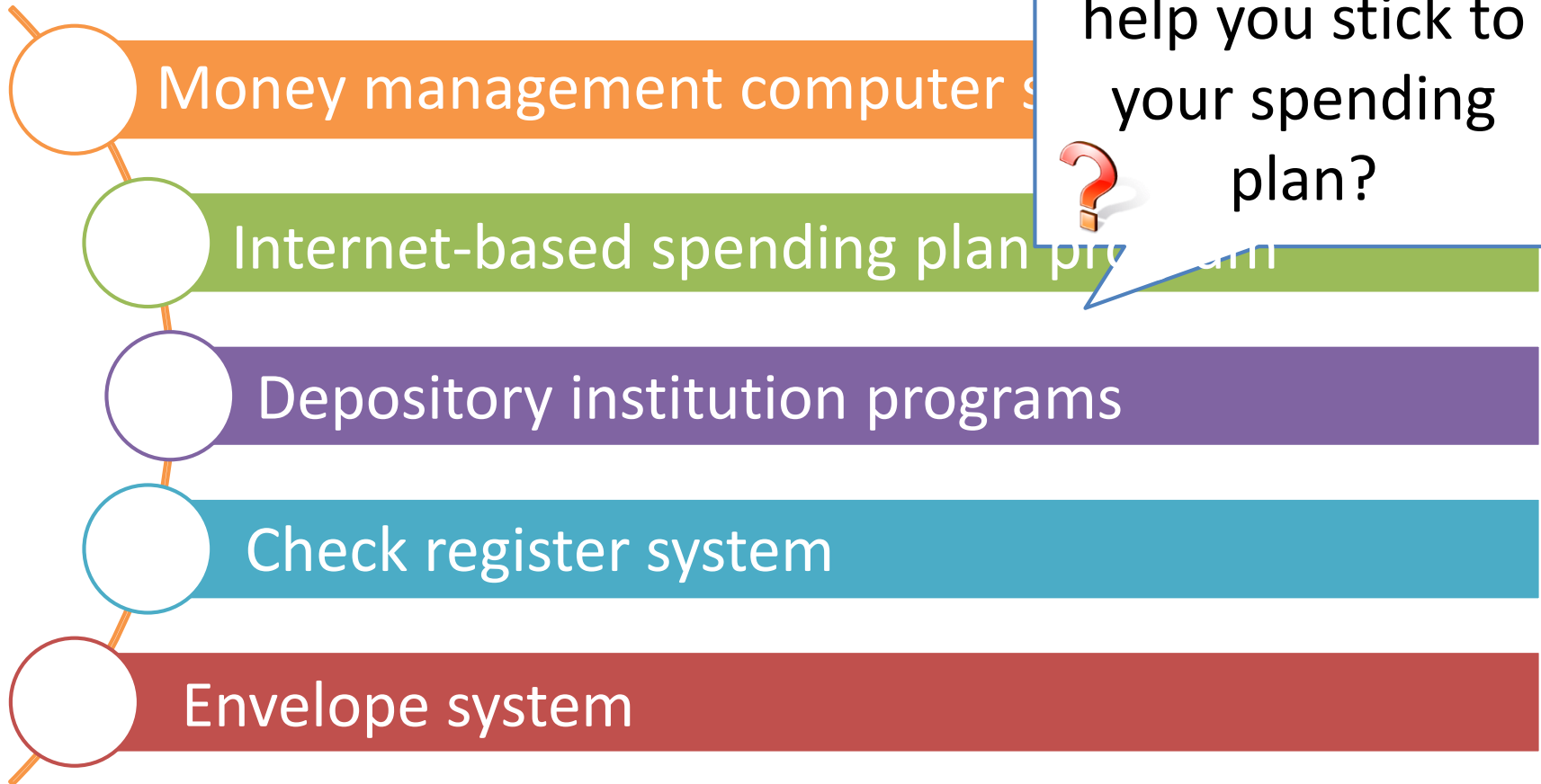
Implement and Control

Make your planned
spending decisions

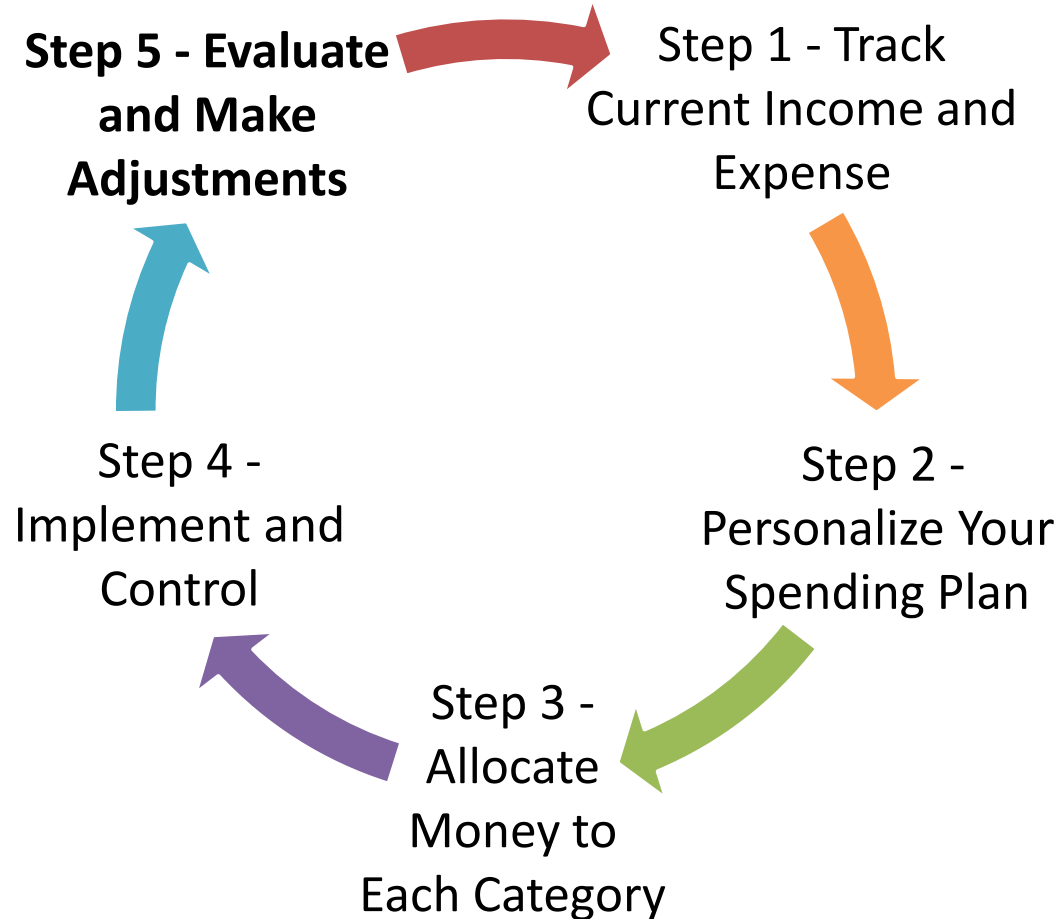
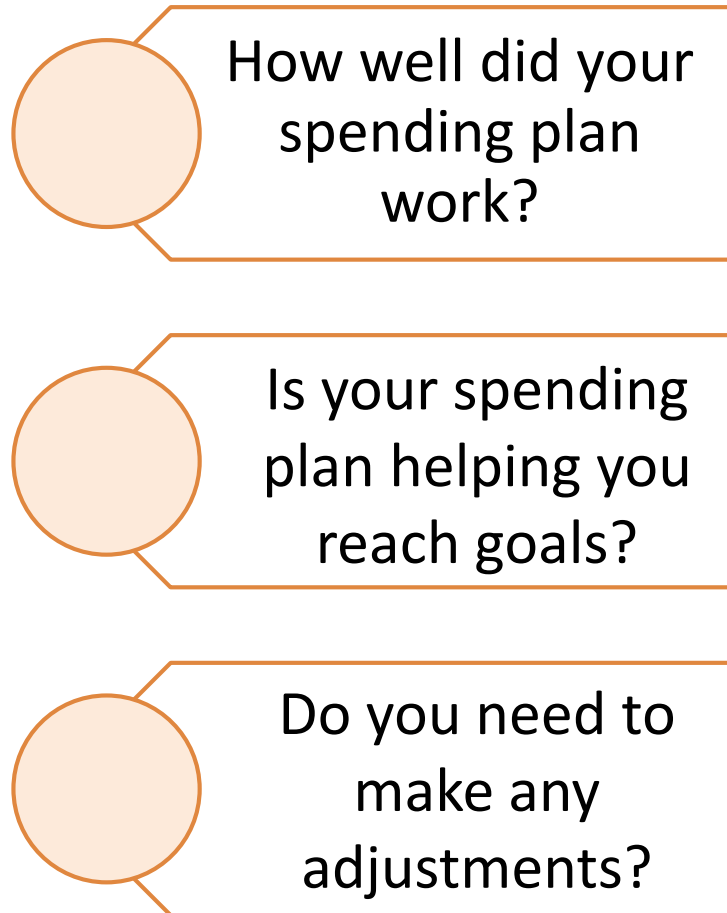
Use a control system
to stay on track



Control Systems



Evaluate and Make Adjustments



Summary

- A spending plan is an important financial planning tool
 - Helps achieve goals
- Make your spending plan work for you
- Make sure to control, evaluate, and adjust your spending plan

