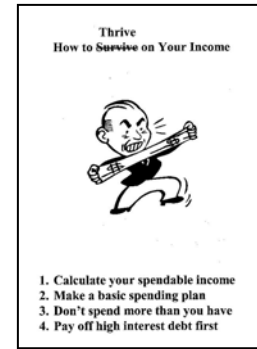


“How to...” use this Budgeting System:

1. Use the *How to Thrive on Your Income* workbook to:
 - a. Calculate your **Spendable Income**.
 - b. Decide on **Spending Categories**.
 - c. Make a **Spending Plan** by dividing spendable income into spending categories. If possible, use previous spending records to decide how much money to put into which spending categories.



2. Transfer your spending categories to the *Spending Plan Worksheet*.
 - a. Write each **category name** at the head on one of the worksheet's columns.
 - b. (Notice that some columns are shorter than others. Use the short ones for categories that do not involve much spending.)
 - c. Write your **budget amount** for each spending category in the “Budget Amount” box.
3. Put money left over from last month in the “**Rollover**” box.
4. Calculate the “**Beginning Balance**” for the spending category, by adding the budget amount and the rollover together.
5. **Record** category spending, by writing the check number and amount on the worksheet.
6. **Calculate** the category balance so you can quickly check to see if there is any money left in the category before deciding to spend money.

Category:	
Budget Amount:	
Rollover:	
Beginning Balance:	
Check #	

Important Tips:

1. **Record all spending** in your checkbook register and in the spending plan worksheet.
2. Treat **credit and debit card** spending just like a check.
 - a. Record credit and debit purchases in both the checkbook register and in the spending plan worksheet.
 - b. Deduct the amount spent from both the checkbook balance and from the spending category balance.
3. If you are careful to **under-spend** in each category, you will be rewarded by having money rollover to the next month, giving you increased spending power when you may really need it.
4. Some expenses, like taxes, may happen only **once per year**. If you put 1/12th of expected taxes in the tax spending category, the rollover each month will accumulate until you have a balance large enough to pay the tax bill when it is due.
5. **Do not rob** from one category to indulge in another category of spending. If you must “over-spend” in a category, borrow money from your “Emergency Fund” category.
6. At the end of each month, **evaluate** how you did and make necessary adjustments.

Jerrie says....

“An important part of this budgeting plan is to keep track of your credit card expenditures. When I use my American Express card, I put AE in the column where check numbers are written. The same would be true of other credit cards as well. Discover card might be disc. Visa might be just visa.

“I list every credit card expense, as well as all checks in my check register AND the budget form. The budget form matches my check register. By doing this, I know that I have enough money in my checking account to write out the full bill amount to the credit card company when the bill comes.

“I keep a total of each column at the bottom of page 2 and then the total across of all of those amounts is kept on the far left under the very first column. This amount equals my checkbook balance (not my bank balance, because I have listed all charges in my check register).”

From:

<http://www.southwickresearch.com/Ponderings/Budget.htm>