

Instructions for Completing the Budget Template

Following these instructions is a detailed budget template. There are several sample budget templates.

Please read these instructions completely before you begin to develop your budget plan. At the end of these instructions, you'll find a list of sample budget templates. Use the template that applies to how often you get paid.

Before you begin, take a moment and consider how frequently you get paid. Does your employer pay you every week, every two weeks, or once per month? However you answered this question, there is an online version of the budget template that is tailored to someone who gets paid weekly, twice each month, or once a month. There's also a template for employees who get 26 paychecks a year.

Once you've chosen and downloaded a template, you're ready to start building your budget. The online versions developed using Excel will allow you to input your own numbers, and they will do the math for you!

Don't be intimidated by all the expense line items and the length of the budget. The sample budget is extremely detailed because I want you to account as much as possible for every penny you make and spend. There are many line items that won't even apply to you.

Go through this exercise once and it will be such an eye opener. Put it off and you will be putting off the prosperity God wants for you.

So here goes.

The budget template is divided into two worksheets: **Income** and **Expenses**. The income worksheet should be pretty simple to fill out. On this part of the budget you will see columns labeled as follows: Gross Income, Income Taxes, (Charitable) Giving, Payroll deductions, and Net Spendable Income. Here's what each means:

Gross Income: This is the amount of pay you wish you could take home. It's your income before any deductions.

Income Taxes: This is the money your employer withholds to pay your local, state and federal taxes. When you get to this line item, just pull the figures from your paycheck. If you are self-employed, *please* be sure you are regularly withholding money from your gross income to cover your quarterly tax obligation.

Giving: Many budgets will include this line item near the bottom of a budget. But here it's at the top – where it should be. Giving, especially paying tithes, should be a priority in your budget.

Payroll deductions: In this area include all the money taken out of your paycheck for health care or for your retirement contributions.

Net Spendable income: Your net income is the pitiful amount you get to keep after taxes, tithes and payroll deductions. This is actually the spendable amount that shows up in your pay – the money you take home every week, every two weeks, or monthly.

The sample **expense** worksheet has columns labeled as the following: Monthly Budget Amount, Pay Period (1,2), Monthly Actual Amount, Target Percentage, and Actual Percentage. Here's what each means:

Monthly Budget Amount: This is the amount you've budgeted for your various expenses. This is how you intend to spend your money every month on everything from housing to pet care.

Pay Period: In the example provided, I use a template for someone getting paid twice a month (perhaps on the 1st and 15th of the month). This budget template is designed for you to figure out what gets paid out of which paycheck.

Many budgets are designed for you to calculate what you spend on a monthly basis. What I've found is people can't always figure out what should be paid out of each paycheck. So online at www.washingtonpost.com/singletonP2Plinks you will find four different budget templates:

- A budget for people who get paid **weekly**.
- A budget for people who get paid **twice a month**.

- A budget for people who get paid **biweekly** or 26 times a year. You will see there is a third column for the months in which you have a third paycheck. This should help you incorporate that extra paycheck into your budget and not view it as extra money that can be blown.
- A budget for people who get paid **once a month**.

The pay period columns were added so you can determine which paycheck will be used to pay certain bills. For example, if your rent or mortgage is due at the first of the month, you would take the money for this expense out of your first paycheck of the month. This should help you figure out what expenses come out of which paycheck.

Monthly Actual Amount: This column represents what you actually spent for the various expense categories. At the beginning of the month you hope to stick to your budget, but life happens. This column is to let you see if you stayed within your budget. If you go over, don't beat yourself up. Just vow to do better going forward. By the way, you do know you need to work on your budget every month, don't you? A budget isn't something you can do once, put it aside, and expect it to help you control your spending.

Target Percentage: People often ask me what percentage of their budget they should be spending on housing or food or transportation. The Target Percentage in the budget template provides an estimated percentage of your net spendable income that should be used for certain categories. The target percentage ranges are based on my work with individuals as well as interviews with credit counseling agencies and other financial experts.

Actual Percentage: This column will show where you stand compared with the target percentage range. Please keep in mind the target percentage will vary depending on your family size, where you live and other factors. But generally you will want to stay within this range.

Before you sit down to begin your budget, be sure to collect all relevant documents to assist in identifying the proper amounts for each line item. For the income section, gather earnings statements, or pay stubs from each employer, pension, social security benefit,

other income sources, and self-employment income such as commissions, invoices, sales records, etc.

For the expenses section, gather all bills or statements for monthly recurring expenses of utilities, rent, insurance, property taxes, phone and cell phone, insurance premiums, court orders requiring payments (child support, alimony, etc.), and other out of pocket expenses.

For income or expenses that do not occur monthly (such as property taxes that aren't included in your mortgage), you should convert the payment to a monthly amount to be sure you are putting away enough month every month to pay the bill when it comes due. To calculate the monthly amount for property tax that is billed once a year, divide the total amount owed each year by 12. Keep this money separate from your regular checking or savings account; otherwise, you might spend it.

If you're self-employed, keep in mind you need to put money away for taxes. Remember: You have to pay both the employee and the employer share of FICA. However, you are allowed to deduct half of this self-employment tax as a business expense.

After much hesitation, I've added a section for bank fees: You should minimize or eliminate these fees as much as possible, especially fees associated with overdrawing your bank account or for paying late on your bills. But the reality is that people pay fees. Things happen, and there's no use ignoring the fact that you do pay fees. So, include them in your budget so you can see how much you're paying. Once you see how much you're giving away without getting anything in return, you'll surely start to do what's necessary to avoid getting hit with fees in the first place.