

## Required Monthly Spending

### Shelter:

Home Mortgage or rent \$ \_\_\_\_\_

### Utilities:

Electric \$ \_\_\_\_\_

Gas \$ \_\_\_\_\_

Water, sewer, and trash pickup \$ \_\_\_\_\_

Basic phone service \$ \_\_\_\_\_

### Protection: Include the things you can't afford to be without.

Life insurance \$ \_\_\_\_\_

Disability insurance \$ \_\_\_\_\_

Homeowners or renters insurance \$ \_\_\_\_\_

Health insurance \$ \_\_\_\_\_

Auto insurance \$ \_\_\_\_\_

Healthcare/medical and dental care \$ \_\_\_\_\_

Prescription drugs \$ \_\_\_\_\_

Child care \$ \_\_\_\_\_

Rainy-day fund (minimum of 10 percent of gross income) \$ \_\_\_\_\_

### Food: This category doesn't include dining out.

Groceries (basic essentials only) \$ \_\_\_\_\_

Clothing and clothing maintenance: Presuming that you have some clothes now, ask yourself what else you really need. \$ \_\_\_\_\_

### Basic Hygiene:

Personal: Toothbrush, deodorant, soap (for example) \$ \_\_\_\_\_

Household: Laundry detergent, toilet paper, and so on \$ \_\_\_\_\_

### Transportation:

Automobile loan or lease payments \$ \_\_\_\_\_

Auto maintenance \$ \_\_\_\_\_

Gasoline \$ \_\_\_\_\_

Other: Tolls, parking, public transportation \$ \_\_\_\_\_

Legal Requirements:

Real estate and property taxes \$ \_\_\_\_\_

Child support \$ \_\_\_\_\_

Alimony \$ \_\_\_\_\_

Required debt payments not listed elsewhere

School loans \$ \_\_\_\_\_

Personal loans \$ \_\_\_\_\_

Credit cards \$ \_\_\_\_\_

Other debt \$ \_\_\_\_\_

Total required monthly expenses (Needs) \$ \_\_\_\_\_

After-tax income (from Worksheet 3-2, Line 1 – Line 2) \$ \_\_\_\_\_

Note: If you included all expenses for the household, add the after-tax income of both spouses/partners together.

(After-Tax Income minus Total Needs) Surplus or Shortfall \$ \_\_\_\_\_

So where do you go after figuring out what you're spending on needs? If you have a surplus after meeting your required living expenses, go ahead and check out the section on using your excess money for wants. However, if your income comes up short (negative or close) after figuring out your needs, go ahead and skip to the section "Solving for Shortfalls," later in this chapter.



If you aren't already doing so, I strongly encourage you to set up automatic monthly withdrawals from your paycheck or your checking account to automatically pay for or fund each of the required expenditures from Worksheet 3-3. That way, your requirements are met automatically each and every month, and whatever is left over is yours to spend however you see fit.

## Wading through your wants

Hopefully, you find yourself with some "extra" money after determining and paying for your needs (see preceding section), and you can begin to use some of that money for the items or services you want. You can use Worksheet 3-4 to figure out your wants and how much you'd like to be spending on them.



When determining what to do with your surplus, just remember that magic number (the amount of surplus from Worksheet 3-3) and don't exceed that amount when addressing your wants.