

Exercise: My Monthly Expenses

Instructions:

1. Go through your records and receipts for the last complete calendar year. This includes all checks, all credit-card charges, and all ATM withdrawals and cash advances. You will have to record *every* expenditure you made in those 12 months. If you no longer recall what a certain dollar amount went toward, add it under “miscellaneous.”
2. Record the amount you spent month-by-month in each category. If any categories relevant to your spending are missing, add them in the “Miscellaneous” space at the end of the chart.
3. After you’ve filled in all the categories for the entire 12 months, add up the total for each category and write it in the next-to-last column (“Year’s Total”).
4. For each category, divide the “Total Yearly” sum by 12. This will give you the *average* amount you spend each month. Record this figure in the last column.

MY MONTHLY EXPENSES

	Jan.	Feb.	Mar.	Apr.	May
Mortgage/PMI/rent					
Property taxes, property insurance					
Home maintenance, association or condo fees					
Utilities (gas, electric, oil, water)					
Home systems (burglar alarm, pool, spa)					
Telephone, cellular phone, cable					
Gardening, lawn care					
Food, alcohol, restaurants, home entertainment					
Medical, dental, optometric					
Pet care, veterinarian					
Insurance (life, health, auto)					
Automobiles					
Transportation (gas, parking, tolls)					
Clothes, shoes, jewelry					
Dry cleaning, laundry service					
Hair, manicure, facial					
Alimony, child support					
Children's education, child care					
Job training, education					

MY MONTHLY EXPENSES

	Jan.	Feb.	Mar.	Apr.	May
Professional fees (legal, accounting, counseling)					
Technology (computer, printer, Internet connection)					
Credit-card balances, loans (other than mortgage)					
Bank fees, credit-union fees					
Postage, shipping					
Entertainment (video rentals, movie tickets, etc.)					
Recreation (sporting events, hobbies, health clubs)					
Books, subscriptions					
Vacations					
Donations					
Lottery					
Gifts (holidays, weddings, birthdays, baby showers)					
Cigarettes					
ATM cash withdrawals					
Seasonal expenses (firewood, summer camp)					
Weekly expenses (lessons, house cleaning, babysitting)					
Miscellaneous					

TOTAL AVERAGE MONTHLY EXPENSES (ALL CATEGORIES)

5. Total all the figures in the “Monthly Average” column. Write that amount in the final space, labeled “Total Average Monthly Expenses.”

Keep in mind that you’re doing this exercise to get an *average* amount you spend per month. There will be months when you spend less and months when you spend more, so I want you to work from the average figure. Doing this exercise completely is one of the only ways you can really get a grip on your expenses.

Exercise: My Actual Income

Knowing your monthly expenses is only one part of the equation. You also need to know if your monthly income is enough to pay for your monthly expenses. In the “My Actual Income” chart that follows, I want you to write down all the income that you have coming in from all sources. Please calculate only the amount that you’re fairly certain will continue coming in for at least two more years. If you lent someone money, for example, and she has been paying you back regularly but owes only three more payments, don’t include this figure. Or, if you’re working but are about to retire or be laid off, don’t count the few paychecks you have left.

When you have filled in the yearly amount of each source of income, total all the figures and record it in the space provided. Then take that total and divide it by 12. This final figure is your average monthly income after taxes.

MY ACTUAL INCOME

Income	Yearly Amount
Yearly paychecks after taxes and deductions	
Predictable bonuses	
Social Security income	
Disability income	
Bond interest income	
Other interest income	
Dividend income	
Rental income	
Gifts from parents (if regular and reliable)	
Loan repayments (if regular and reliable)	
Pension income	
IRA income	
Alimony and child support	
Miscellaneous	
YEARLY TOTAL	
AVERAGE MONTHLY INCOME	

Exercise: Know Where You Stand Financially

Let's see what the information you've just gathered means. In the following worksheet, "Know Where You Stand Financially," write your Average Monthly Income figure in the first row. Write your Average Monthly Expenses figure in the second row. Subtract your expenses from your income. Record the resulting figure in the "Difference" row. This figure reflects your monthly deficit or excess.

KNOW WHERE YOU STAND FINANCIALLY	
Monthly Average Coming In	\$ <input type="text"/>
Minus (-)	
Monthly Average Going Out	\$ <input type="text"/>
<hr/>	
Difference Between the Two (monthly sum deficit or excess)	\$ <input type="text"/>