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UNDERSTANDING MY BUDGET OPPORTUNITIES

INCOME CALCULATION

1. Prepare a list of your income from all sources (before tax) for the previous year.
2. Deduct the amount you paid in income taxes last year
3. Net income = \$ _____

EXPENSE CALCULATION

1. Prepare a detailed, exhaustive list of all your expenses
2. Group them under headings or categories
3. Total all expenses for the year and then subtract from Net income.
4. Surplus _____ Deficiency _____
- 5.

note:

For those expenses that are hard to quantify annually, look at them over a one month period and multiply them by 12.
Does the figure look reasonably correct?

Now you will be able to answer those questions such as... "I don't know where all my money goes"... "Why don't I have any money to give to charity or savings"... "Why are my credit card balances always so high"

EXPENSE ANALYSIS

1. Identify the Discretionary and Non-discretionary expenses.
2. Identify the Discretionary portion of the Non-discretionary expenses.
 - can you minimize / eliminate any of these?
 - what is missing from this list? (ie. Charitable givings, savings, investments, extra debt payment)
 - Giving actually helps you get into the mindset of learning to do without with the things you thought you needed.
3. Total up the "true" monthly amount of the necessary Non-discretionary expenses.
4. Subtract that amount from your net income and the divide by 12
5. Result from step 4 is your Total Discretionary income for each month

We hope that this article has been of assistance to you. Periodically we conduct seminars/workshop on issues such as this articles content. If you would be interested in attending an upcoming event, then please contact our office for schedules and times.