

Section 1. Income

Monthly Net Income: Include child support, alimony, foster care, unemployment compensation, Social Security, seasonal employment income, commission income.

Paycheck _____ + Paycheck _____ + Other _____ = _____ **TOTAL NET INCOME**

Section 2. Expenses

Expense	Monthly Payments	
	A. Current	B. After Home Purchase
1. Housing		
Rent/Mortgage	_____	_____
Real Estate Taxes	_____	_____
Personal Property Taxes	_____	_____
2. Installment Loans		
Automobile(s)	_____	_____
Furniture/Appliances	_____	_____
Installment	_____	_____
3. Revolving Credit		
VISA	_____	_____
MasterCard	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
4. Utilities		
Electricity	_____	_____
Gas	_____	_____
Fuel Oil	_____	_____
Telephone	_____	_____
Water/Sewerage/Garbage	_____	_____
5. Insurance		
Automobile	_____	_____
Health	_____	_____
Life	_____	_____
Dental	_____	_____
Disability	_____	_____
Renters/Homeowners	_____	_____
Mortgage Credit Life	_____	_____
6. Spousal/Child Care		
Alimony/Child Support	_____	_____
Child Care	_____	_____
School Fees/Tuition	_____	_____
7. Donations		
Church	_____	_____
Charity	_____	_____
8. Dues		
Union	_____	_____
Organizations	_____	_____
9. Medical (not covered by Insurance)		
Doctor/Dentist	_____	_____
Drugs	_____	_____
Hospital	_____	_____
SUBTOTALS	=====	=====

Section 1. Income

Your first step is to add up all sources of income, including your take-home pay (the amount left after taxes and deductions have been subtracted), Social Security benefits, pension payments, alimony, child support, workers' compensation, unemployment and disability payments.

If your earnings are irregular – for example, if you're a salesperson who receives part or all of your income from commissions – it may be more difficult to estimate your income. If this is true for you, it is better to underestimate than overestimate your income when setting up your budget.

Section 2. Expenses

1. Housing. Enter your current monthly rent in Col. A; your anticipated mortgage payment in Col. B. Find out from your lender whether taxes and insurances are included in your mortgage payment and escrowed. If not, you are responsible for remitting the payments when they come due and will need to budget accordingly. Enter these amounts in Col. B.

2. Installment Loans. Automobile loans, furniture and appliance loans as well as any payments you are currently making and will be making to finance companies or on any installment debts should be recorded here.

3. Revolving Credit. Department store charges, bank cards and any other credit card payments you make should go into this section.

4. Utilities. Enter your current average monthly payment in Col. A, and your anticipated average monthly payment for each applicable utility in Col. B. Talk to the previous owner or contact local utility companies for costs. To simplify budgeting, consider going on a utility budget plan. The budget plan will allow you to pay the same amount each month and more evenly spreads out costs over a 12-month period.

5. Insurance. Enter any direct payments for applicable insurances in Cols. A and B. Do not include any deductions from your paycheck for insurance coverage.

6. Spousal/Child Care. Enter current and anticipated after-purchase expenses for alimony, child support, child care and school fees here.

7. Donations. Include any contributions to a religious organization or charity in this section.

8. Dues. Union, youth group and professional organization dues can often be overlooked or included with miscellaneous expenses, but they can add up and should be listed here.

9. Medical. Even though health and dental premiums were listed above, there are often additional health-related expenses that are not covered by insurance, including deductibles and co-payment amounts. Doctor and dentist bills, drug charges, hospital payments, contact lenses and eyeglasses are just some of the items that fall into this category. Estimate a lump sum and divide by 12 for a monthly expense amount.

Subtotal Cols. A and B, and carry over the amounts to the top of the back page of your Spending Planner.



Convert annual, semi-annual and quarterly bills into a monthly amount

Even though not all bills come due monthly, you can budget for them each month. To calculate a monthly payment for an annual, semi-annual or quarterly bill, determine the annual amount and divide it by 12.

EXAMPLE X: Your auto insurance premium of \$250 is due twice a year. The annual payment would be:

$$\begin{array}{r} \$ 250 \text{ insurance premium bill} \\ \times \quad 2 \text{ bills per year} \\ \hline \$ 500 \text{ total annual premium} \end{array}$$

To budget for this expense, each month you would need to set aside:

$$\begin{array}{r} \$ 500 \text{ total annual premium} \\ \div \quad 12 \text{ months in a year} \\ \hline \mathbf{\$42 \text{ a month}} \end{array}$$

By setting aside money in your savings each month for these types of bills, you will have the money ready and their payment won't be a strain.

Section 2. Expenses (continued)

Expense	Monthly Payments	
	A. Current	B. After Home Purchase
ITEMS 1-9 SUBTOTALS	=====	=====
10. Transportation		
Gasoline	_____	_____
Maintenance	_____	_____
Parking	_____	_____
Public Transportation	_____	_____
11. Food		
Groceries	_____	_____
School/Work Lunches	_____	_____
12. Clothing		
New Clothes	_____	_____
Dry Cleaning/Laundry	_____	_____
Uniforms/Required Items	_____	_____
Personal Care	_____	_____
13. Household Operations		
Repairs/Maintenance	_____	_____
_____	_____	_____
14. Major Improvements		
Air Conditioning	_____	_____
Heating System	_____	_____
Appliances	_____	_____
Siding	_____	_____
_____	_____	_____
15. Professional Services		
Attorney	_____	_____
Accountant	_____	_____
16. Miscellaneous		
Clubs/Sports/Hobbies	_____	_____
Entertainment (Eating out, movies, etc.)	_____	_____
Vacation	_____	_____
Gifts	_____	_____
Cable TV	_____	_____
Other	_____	_____
17. Savings		
Regular Savings	_____	_____
Holiday Account	_____	_____
College Fund	_____	_____
Retirement Fund	_____	_____
TOTALS	=====	=====

Section 3. Income/Expense Comparison

Total net income (from Section 1, Income) \$ _____

Total after home purchase expenses (from Section 2, Expenses) \$ _____

Section 2. Expenses *(continued)*

10. Transportation. Gasoline, oil changes and repairs, preventive maintenance and all of the other costs associated with maintaining a car are listed here. Parking costs and money spent on public transportation, buses, subways, taxis, etc., are also included.

11. Food. There are two major categories for food purchases: Groceries and school or work lunches. The tendency is to use the supermarket receipt totals as “food costs,” but many nonedibles are included in supermarket purchases such as cleaning supplies and personal care items. Try to take this into account when entering your costs for groceries. School or work lunches include meals as well as snacks and beverages consumed away from home.

12. Clothing. New clothing purchases, uniforms, laundry, dry cleaning, hair care, cosmetics and toiletries all fall into this category.

13. Household Operations. Heat/cooling system maintenance; carpet cleaning; carpentry; landscaping/gardening; appliance, electrical and plumbing repairs; garbage pickup; and paint, cleaning, paper and general supplies, including tools, light bulbs, fixtures, hardware, etc. – anything that you would use to keep up your apartment or home would be listed here. As a general rule of thumb, set aside 1% of your property value annually to cover after-home-purchase maintenance expenses.

14. Major Improvements. You probably will not be doing major improvements at this time, but this category has been included for future budgeting. When the time comes, refer to the tables in Chapter 6 on page 49 to help you estimate costs. Determine how soon the improvement needs to be made. Once you’ve set the time frame, divide the cost by the number of months to determine the monthly amount you will need to save to make the improvement.

15. Professional Services. You may need to retain the services of an attorney to help you with personal legal matters, such as creating a will. You may need an accountant’s services if you’re not knowledgeable about tax codes and applicable deductions. Consult with an attorney/accountant regarding the fees for these services.

16. Miscellaneous. Enter costs for sports, hobbies, entertainment (video rentals, concert tickets, dinners, etc.), vacations and gifts here. Be careful not to lump too many expenses under this category; otherwise, it becomes too large and does not help you plan. Be as specific as possible when categorizing your expenses.

17. Savings. Include money saved through savings bonds, credit unions or bank accounts and that is not entered through payroll deduction.

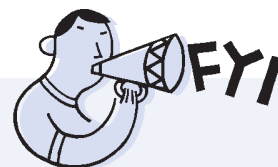
Total your current and after-purchase expenses.

Section 3. Income/Expense Comparison

Now it’s time to analyze the bottom line. Enter your Total Net Income from Section 1, Income and the total of your After Home Purchase expenses from Section 2, Expenses, Col. B.

If your Monthly Net Income is greater than your After Home Purchase monthly expense total, your financial transition to homeownership should be no problem. You may want to consider increasing your savings contributions if this amount is considerably more than your total expenses.

If your Monthly Net Income is less than your After Home Purchase monthly expense total, you need to examine your expenses for opportunities to cut back to eliminate the difference.



Save your receipts...

Over the next year, save all invoices and receipts to create a more accurate picture of your expenses.

Build reserves for living expenses...

As a homeowner, it’s good practice to have at least three to six months’ living expenses in savings.

To determine what you should set aside in savings each month to reach this goal, calculate three to six months’ after-purchase expenses. Then determine the length of time you will need to save this amount, for example, 12, 24 or 36 months. Divide the total after-purchase living expense by the applicable number of months.