

Dave Ramsey's
Financial
Peace
University



**BANKRUPTCY
EDITION**

Cash Flow Planning



*"People don't plan to fail, they fail to plan."
Anonymous*

Cash Flow Planning

- Money is _____.
- You must do a written _____ plan monthly.
- Bounced checks are a sign of crisis _____ living _____ and sloppy, lazy money habits.
- If not managed and made to behave, the _____ card and the _____ card are certain to become budget busters.
- Most people would say, "Doing a budget makes me think of _____ and _____."
- The easiest and most powerful plan is a _____-based plan.
- Implement the _____ System.

"You will either learn to manage money or the lack of it will always manage you."

Dave Ramsey

"A Cash Flow Plan is simply telling your money what to do instead of wondering where it went."

John Maxwell

Baby Steps

There is a process to getting out of the mess that we created without feeling overwhelmed. Building wealth will not happen overnight; it takes time. Here are the Baby Steps to begin the process:

- **Step One:** \$1000 in an "Emergency Fund"
((\$500 if income under 20K per year)
- **Step Two:** Pay-off all debt utilizing the "Debt Snowball"
- **Step Three:** 3-6 months expenses in savings
- **Step Four:** Invest 15% of household income into Roth IRAs and pre-tax retirement
- **Step Five:** College Funding
- **Step Six:** Pay-off home early
- **Step Seven:** Build Wealth!
(Mutual Funds/Real Estate)

Cash Flow Planning

Income Sources

Sheet 3

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERIOD/DESCRIBE</u>
Salary 1	<u>\$1700</u>	<u>1st & 15th - \$850</u>
Salary 2	<u>\$1300</u>	<u>2 WEEKS - \$650</u>
Salary 3	_____	_____
Bonus	_____	_____
Self-Employment	_____	_____
Interest Income	_____	_____
Dividend Income	_____	_____
Royalty Income	_____	_____
Rents	_____	_____
Notes	_____	_____
Alimony	_____	_____
Child Support	_____	_____
AFDC	_____	_____
Unemployment	_____	_____
Social Security	_____	_____
Pension	_____	_____
Annuity	_____	_____
Disability Income	_____	_____
Cash Gifts	_____	_____
Trust Fund	_____	_____
Other _____	_____	_____
Other _____	_____	_____
Other _____	_____	_____
16 TOTAL	<u>\$3000</u>	_____

Income Sources

Sheet 3

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERIOD/DESCRIBE</u>
Salary 1	_____	_____
Salary 2	_____	_____
Salary 3	_____	_____
Bonus	_____	_____
Self-Employment	_____	_____
Interest Income	_____	_____
Dividend Income	_____	_____
Royalty Income	_____	_____
Rents	_____	_____
Notes	_____	_____
Alimony	_____	_____
Child Support	_____	_____
AFDC	_____	_____
Unemployment	_____	_____
Social Security	_____	_____
Pension	_____	_____
Annuity	_____	_____
Disability Income	_____	_____
Cash Gifts	_____	_____
Trust Fund	_____	_____
Other _____	_____	_____
Other _____	_____	_____
Other _____	_____	_____
TOTAL	_____	_____

Cash Flow Planning

Lump Sum Payment Planning

Sheet 4

Payments you make on a NON-monthly basis can be budget busters if not planned for, so we are converting them to a monthly basis for you to use on Sheet 5 where you will set money aside monthly to avoid strain or borrowing when these events occur. If an item here is already paid monthly, enter NA. If you make a payment quarterly then annualize it for this sheet.

<u>ITEM NEEDED</u>	<u>ANNUAL AMOUNT</u>		<u>MONTHLY AMOUNT</u>
Real Estate Taxes	_____	/ 12 =	_____
Homeowners Insurance	_____	/ 12 =	_____
Home Repairs	_____	/ 12 =	_____
Replace Furniture	\$600	/ 12 =	\$50
Medical Bills	_____	/ 12 =	_____
Health Insurance	_____	/ 12 =	_____
Life Insurance	_____	/ 12 =	_____
Disability Insurance	_____	/ 12 =	_____
Car Insurance	_____	/ 12 =	_____
Car Repair/Tags	_____	/ 12 =	_____
Replace Car	_____	/ 12 =	_____
Clothing	_____	/ 12 =	_____
Tuition	_____	/ 12 =	_____
Bank Note	_____	/ 12 =	_____
IRS (Self-Employed)	_____	/ 12 =	_____
Vacation	\$1800	/ 12 =	\$150
Gifts(inc. Christmas)	\$1200	/ 12 =	\$100
Other _____	_____	/ 12 =	_____

Lump Sum Payment Planning

Sheet 4

Payments you make on a NON-monthly basis can be budget busters if not planned for, so we are converting them to a monthly basis for you to use on Sheet 5 where you will set money aside monthly to avoid strain or borrowing when these events occur. If an item here is already paid monthly, enter NA. If you make a payment quarterly then annualize it for this sheet.

<u>ITEM NEEDED</u>	<u>ANNUAL AMOUNT</u>		<u>MONTHLY AMOUNT</u>
Real Estate Taxes	_____	/ 12 =	_____
Homeowners Insurance	_____	/ 12 =	_____
Home Repairs	_____	/ 12 =	_____
Replace Furniture	_____	/ 12 =	_____
Medical Bills	_____	/ 12 =	_____
Health Insurance	_____	/ 12 =	_____
Life Insurance	_____	/ 12 =	_____
Disability Insurance	_____	/ 12 =	_____
Car Insurance	_____	/ 12 =	_____
Car Repair/Tags	_____	/ 12 =	_____
Replace Car	_____	/ 12 =	_____
Clothing	_____	/ 12 =	_____
Tuition	_____	/ 12 =	_____
Bank Note	_____	/ 12 =	_____
IRS (Self-Employed)	_____	/ 12 =	_____
Vacation	_____	/ 12 =	_____
Gifts(inc. Christmas)	_____	/ 12 =	_____
Other _____	_____	/ 12 =	_____

Cash Flow Planning

Learn to give every dollar a name.

- Do it in writing.
- Before the month begins.

Instructions Sheet 5

Every dollar of your income should be allocated to some category on this sheet. Money “left over” should be put back into a category even if you make up a new category. You are making the spending decisions ahead of time here. Almost every category (except debt) should have some dollar amount in it. Example: If you do not plan to replace the furniture, when you do replace it, you will cause strain or borrowing, so go ahead and plan now by saving. I have actually had people tell me that they can do without clothing. Oh come ON!! Be careful in your zeal to make the numbers work that you don’t substitute the urgent for the important.

Fill in the amount for each subcategory under “Subtotal” and then the total for each main category under “Total.” As you go through your first month, fill in the “Actually Spent” column with your real expenses or the saving you did for that area. If there is a substantial difference in the plan versus the reality, something has to give. You will either have to adjust the amount allocated to that area up and another down or you will have to better control your spending in that area.

“% Take Home Pay” is the percentage of take home pay that category represents; for example, what percentage of your total take home pay did you spend on “Housing.” We will then compare your percentages with those on Sheet 6 to determine if you need to consider adjusting your lifestyle.

An “*” beside an item means you should use the “envelope system.”

The Emergency Fund should get ALL the savings until 3-6 months of expenses have been saved.

Note: Savings should be increased as you get closer to being debt free.

Hint: By saving early for Christmas and other gifts, you can get great buys and give better gifts for the same money.

Cash Flow Planning

Cash Flow Planning

Monthly Cash Flow Plan

Sheet 5

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
CHARITABLE GIFTS		\$300		
SAVING				
Emergency Fund	\$50			
Retirement Fund				
College Fund		\$50		
HOUSING				
First Mortgage	\$725			
Second Mortgage				
Real Estate Taxes				
Homeowners Ins.				
Repairs or Mn. Fee				
Replace Furniture	\$50			
Other		\$775		
UTILITIES				
Electricity	\$100			
Water	\$50			
Gas	\$50			
Phone	\$50			
Trash				
Cable		\$250		
*FOOD				
*Grocery	\$600			
*Restaurants	\$100	\$700		
TRANSPORTATION				
Car Payment				
Car Payment				
*Gas and Oil				
*Repairs and Tires				
Car Insurance				
License and Taxes				
Car Replacement				
PAGE 1 TOTAL		\$2075		

Monthly Cash Flow Plan

Sheet 5

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
CHARITABLE GIFTS				
SAVING				
Emergency Fund	_____		_____	
Retirement Fund	_____		_____	
College Fund	_____	_____	_____	_____
HOUSING				
First Mortgage	_____		_____	
Second Mortgage	_____		_____	
Real Estate Taxes	_____		_____	
Homeowners Ins.	_____		_____	
Repairs or Mn. Fee	_____		_____	
Replace Furniture	_____		_____	
Other _____	_____	_____	_____	_____
UTILITIES				
Electricity	_____		_____	
Water	_____		_____	
Gas	_____		_____	
Phone	_____		_____	
Trash	_____		_____	
Cable	_____	_____	_____	_____
*FOOD				
*Grocery	_____		_____	
*Restaurants	_____	_____	_____	_____
TRANSPORTATION				
Car Payment	_____		_____	
Car Payment	_____		_____	
*Gas and Oil	_____		_____	
*Repairs and Tires	_____		_____	
Car Insurance	_____		_____	
License and Taxes	_____		_____	
Car Replacement	_____	_____	_____	_____
PAGE 1 TOTAL		_____	_____	

Cash Flow Planning

Monthly Cash Flow Plan

Sheet 5 Continued

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
*CLOTHING				
*Children	\$100			
*Adults				
*Cleaning/Laundry		\$100		
MEDICAL/HEALTH				
Disability Insurance	\$100			
Health Insurance				
Doctor Bills	\$50			
Dentist	\$20			
Optometrist	\$30			
Drugs		\$170		
PERSONAL				
Life Insurance	\$50			
Child Care	\$30			
*Baby Sitter				
*Toiletries				
*Cosmetics				
*Hair Care				
Education/Adult				
School Tuition				
School Supplies				
Child Support				
Alimony				
Subscriptions				
Organization Dues	\$25			
Gifts (inc. Christmas)				
Miscellaneous	\$50			
*BLOW \$\$	\$100	\$255		
PAGE 2 TOTAL		\$525		

Monthly Cash Flow Plan

Sheet 5 Continued

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
*CLOTHING				
*Children	_____		_____	
*Adults	_____		_____	
*Cleaning/Laundry	_____	_____	_____	_____
MEDICAL/HEALTH				
Disability Insurance	_____		_____	
Health Insurance	_____		_____	
Doctor Bills	_____		_____	
Dentist	_____		_____	
Optometrist	_____		_____	
Drugs	_____	_____	_____	_____
PERSONAL				
Life Insurance	_____		_____	
Child Care	_____		_____	
*Baby Sitter	_____		_____	
*Toiletries	_____		_____	
*Cosmetics	_____		_____	
*Hair Care	_____		_____	
Education/Adult	_____		_____	
School Tuition	_____		_____	
School Supplies	_____		_____	
Child Support	_____		_____	
Alimony	_____		_____	
Subscriptions	_____		_____	
Organization Dues	_____		_____	
Gifts (inc. Christmas)	_____		_____	
Miscellaneous	_____		_____	
*BLOW \$\$	_____	_____	_____	_____
PAGE 2 TOTAL		_____		

Cash Flow Planning

Monthly Cash Flow Plan

Sheet 5 Continued

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
RECREATION				
*Entertainment	\$50			
Vacation	\$25	\$75		
DEBTS (Hopefully -0-)				
Visa 1	\$101			
Visa 2				
MasterCard 1	\$75			
MasterCard 2				
American Express	\$50			
Discover Card				
Gas Card 1				
Gas Card 2				
Dept. Store Card 1				
Dept. Store Card 2				
Finance Co. 1				
Finance Co. 2				
Credit Line				
Student Loan 1	\$100			
Student Loan 2				
Other				
Other				
Other				
Other				
Other		\$325		
PAGE 3 TOTAL		\$400		
PAGE 2 TOTAL		\$525		
PAGE 1 TOTAL		\$2075		
GRAND TOTAL		\$3000		
TOTAL HOUSEHOLD INCOME		\$3000		
		ZERO		

Monthly Cash Flow Plan

Sheet 5 Continued

Budgeted Item	Sub Total	TOTAL	Actually Spent	% of Take Home Pay
RECREATION				
*Entertainment	_____	_____	_____	_____
Vacation	_____	_____	_____	_____
DEBTS (Hopefully -0-)				
Visa 1	_____	_____	_____	_____
Visa 2	_____	_____	_____	_____
MasterCard 1	_____	_____	_____	_____
MasterCard 2	_____	_____	_____	_____
American Express	_____	_____	_____	_____
Discover Card	_____	_____	_____	_____
Gas Card 1	_____	_____	_____	_____
Gas Card 2	_____	_____	_____	_____
Dept. Store Card 1	_____	_____	_____	_____
Dept. Store Card 2	_____	_____	_____	_____
Finance Co. 1	_____	_____	_____	_____
Finance Co. 2	_____	_____	_____	_____
Credit Line	_____	_____	_____	_____
Student Loan 1	_____	_____	_____	_____
Student Loan 2	_____	_____	_____	_____
Other _____	_____	_____	_____	_____
Other _____	_____	_____	_____	_____
Other _____	_____	_____	_____	_____
Other _____	_____	_____	_____	_____
Other _____	_____	_____	_____	_____
PAGE 3 TOTAL		_____	_____	
PAGE 2 TOTAL		_____	_____	
PAGE 1 TOTAL		_____	_____	
GRAND TOTAL		_____	_____	
TOTAL HOUSEHOLD INCOME		_____		
		ZERO		

Cash Flow Planning

Recommended Percentages

Sheet 6

THIS SHEET NOT REFERRED TO IN VIDEO - Skip to page 30 to follow along with Dave.

I have used a compilation of several sources and my own experience to derive the suggested percentage guidelines. However, these are only recommended percentages and will change dramatically if you have a very high or very low income. For instance, if you have a very low income, your necessities percentages will be high. If you have a high income your necessities will be a lower percentage of income and hopefully savings (not debt) will be higher than recommended.

<u>ITEM</u>	<u>ACTUAL %</u>	<u>RECOMMENDED %</u>
CHARITABLE GIFTS	_____	10-15%
SAVING	_____	5-10%
HOUSING	_____	25-35%
UTILITIES	_____	5-10%
FOOD	_____	5-15%
TRANSPORTATION	_____	10-15%
CLOTHING	_____	2-7%
MEDICAL/HEALTH	_____	5-10%
PERSONAL	_____	5-10%
RECREATION	_____	5-10%
DEBTS	_____	5-10%

This sheet is where all your work thus far starts giving you some peace. You will implement Sheet 5 information from theory into your life by using Sheet 7. Note: If you have an irregular income, like self-employment or commissions, you should use Sheet 8, after reviewing Sheet 7.

There are four columns to distribute as many as four different incomes within one month. Each column is one pay period. If you are a one-income household and you get paid two times per month then you will only use two columns. If both of you work and one is paid weekly and the other every two weeks, add the two paychecks together on the weeks you both get a paycheck, while just listing the one paycheck on the other two. Date the pay period columns then enter the income for that period. As you allocate your paycheck to an item, put the remaining total balance to the right of the slash. Income for period 3-1 in our example is \$1,000 and we are allocating \$100 to Charitable Giving leaving \$900 to the right of the slash in that same column. Some bills will come out of each pay period and some only on selected pay periods. As an example, you may take "Car Gas" out of every paycheck, but pay the electric bill from period 2. You already pay some bills or payments out of designated checks, only now you pay all things from designated checks.

The whole point to this sheet, which is the culmination of all your monthly planning, is to allocate or "spend" your whole paycheck before you get paid. I don't care where you allocate your money, but allocate all of it before you get your check. Now all the tense, crisis-like symptoms have been removed because you planned. No more management by crisis or impulse. Those who tend to be impulsive should just allocate more to the "Blow" category. At least you are now doing it on purpose and not by default. The last blank that you make an entry in should have a "0" to the right of the slash, showing you have allocated your whole check.

An "*" beside an item means you should use the "envelope system."

Emergency Fund gets ALL the savings until 3-6 months of expenses have been saved.

SAMPLE ALLOCATED SPENDING PLAN				
	PAY PERIOD: <u>3-1</u> _____			
ITEM				
INCOME	<u>1,000</u>	_____	_____	_____
CHARITABLE GIFTS	<u>100/900</u>	___/___	___/___	___/___
SAVING				
Emergency Fund(1)	<u>50/850</u>	___/___	___/___	___/___
Retirement Fund	___/___	___/___	___/___	___/___
College Fund	___/___	___/___	___/___	___/___
HOUSING				
First Mortgage	<u>725/125</u>	___/___	___/___	___/___

Cash Flow Planning

Allocated Spending Plan

Sheet 7

PAY PERIOD:	<u>8/1</u>	<u>8/8</u>	<u>8/15</u>	<u>8/22</u>
ITEM:				
INCOME	<u>\$650</u>	<u>\$850</u>	<u>\$1500</u>	<u>0</u>
CHARITABLE	<u>75/575</u>	<u>/</u>	<u>/</u>	<u>/</u>
SAVING				
Emergency Fund	<u>50/525</u>	<u>/</u>	<u>/</u>	<u>/</u>
Retirement Fund	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
College Fund	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
HOUSING				
First Mortgage	<u>/</u>	<u>750/100</u>	<u>/</u>	<u>/</u>
Second Mortgage	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
Real Estate Taxes	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
Homeowners Ins.	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
Repairs or Mn. Fees	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
Replace Furniture	<u>50/475</u>	<u>/</u>	<u>/</u>	<u>/</u>
Other _____	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
UTILITIES				
Electricity	<u>100/375</u>	<u>/</u>	<u>/</u>	<u>/</u>
Water	<u>50/325</u>	<u>/</u>	<u>/</u>	<u>/</u>
Gas	<u>/</u>	<u>50/50</u>	<u>/</u>	<u>/</u>
Phone	<u>/</u>	<u>25/25</u>	<u>/</u>	<u>/</u>
Trash	<u>/</u>	<u>/</u>	<u>/</u>	<u>/</u>
Cable	<u>/</u>	<u>25/0</u>	<u>/</u>	<u>/</u>
*FOOD				
*Grocery	<u>300/25</u>	<u>/</u>	<u>/</u>	<u>/</u>
*Restaurants	<u>25/0</u>	<u>/</u>	<u>/</u>	<u>/</u>

Allocated Spending Plan

Sheet 7

PAY PERIOD: _____

ITEM:

INCOME

CHARITABLE

____/____

SAVING

Emergency Fund

____/____

Retirement Fund

____/____

College Fund

____/____

HOUSING

First Mortgage

____/____

Second Mortgage

____/____

Real Estate Taxes

____/____

Homeowners Ins.

____/____

Repairs or Mn. Fees

____/____

Replace Furniture

____/____

Other _____

____/____

UTILITIES

Electricity

____/____

Water

____/____

Gas

____/____

Phone

____/____

Trash

____/____

Cable

____/____

***FOOD**

*Grocery

____/____

*Restaurants

____/____

Cash Flow Planning

Allocated Spending Plan

Sheet 7 continued

TRANSPORTATION

Car Payment	___/___	___/___	___/___	___/___
Car Payment	___/___	___/___	___/___	___/___
*Gas and Oil	___/___	___/___	___/___	___/___
*Repairs and Tires	___/___	___/___	___/___	___/___
Car Insurance	___/___	___/___	___/___	___/___
License and Taxes	___/___	___/___	___/___	___/___
Car Replacement	___/___	___/___	___/___	___/___

*CLOTHING

*Children	___/___	___/___	___/___	___/___
*Adults	___/___	___/___	___/___	___/___
*Cleaning/Laundry	___/___	___/___	___/___	___/___

MEDICAL/HEALTH

Disability Insurance	___/___	___/___	___/___	___/___
Health Insurance	___/___	___/___	___/___	___/___
Doctor	___/___	___/___	___/___	___/___
Dentist	___/___	___/___	___/___	___/___
Optometrist	___/___	___/___	___/___	___/___
Drugs	___/___	___/___	___/___	___/___

PERSONAL

Life Insurance	___/___	___/___	___/___	___/___
Child Care	___/___	___/___	___/___	___/___
*Baby Sitter	___/___	___/___	___/___	___/___
*Toiletries	___/___	___/___	___/___	___/___
*Cosmetics	___/___	___/___	___/___	___/___
*Hair Care	___/___	___/___	___/___	___/___
Education/Adult	___/___	___/___	___/___	___/___
School Tuition	___/___	___/___	___/___	___/___
School Supplies	___/___	___/___	___/___	___/___
Child Support	___/___	___/___	___/___	___/___

Allocated Spending Plan

Sheet 7 continued

Alimony	___/___	___/___	___/___	___/___
Subscriptions	___/___	___/___	___/___	___/___
Organization Dues	___/___	___/___	___/___	___/___
Gifts (inc.Christmas)	___/___	___/___	___/___	___/___
Miscellaneous	___/___	___/___	___/___	___/___
*BLOW \$\$	___/___	___/___	___/___	___/___

RECREATION

*Entertainment	___/___	___/___	___/___	___/___
Vacation	___/___	___/___	___/___	___/___

DEBTS (Hopefully -0-)

Visa 1	___/___	___/___	___/___	___/___
Visa 2	___/___	___/___	___/___	___/___
MasterCard 1	___/___	___/___	___/___	___/___
MasterCard 2	___/___	___/___	___/___	___/___
American Express	___/___	___/___	___/___	___/___
Discover Card	___/___	___/___	___/___	___/___
Gas Card 1	___/___	___/___	___/___	___/___
Gas Card 2	___/___	___/___	___/___	___/___
Dept. Store Card 1	___/___	___/___	___/___	___/___
Dept. Store Card 2	___/___	___/___	___/___	___/___
Finance Co. 1	___/___	___/___	___/___	___/___
Finance Co. 2	___/___	___/___	___/___	___/___
Credit Line	___/___	___/___	___/___	___/___
Student Loan 1	___/___	___/___	___/___	___/___
Student Loan 2	___/___	___/___	___/___	___/___
Other _____	___/___	___/___	___/___	___/___
Other _____	___/___	___/___	___/___	___/___
Other _____	___/___	___/___	___/___	___/___
Other _____	___/___	___/___	___/___	___/___
Other _____	___/___	___/___	___/___	___/___

Cash Flow Planning

Irregular Income Planning

Sheet 8

Many of us have irregular incomes. If you are self-employed or work on commission or royalties, then planning your expenses is difficult since you cannot always predict your income. You should still do all the sheets except Sheet 7. Sheet 5 will tell you what you have to earn monthly to survive or prosper, and those real numbers are very good for goal setting.

What you must do is take the items on Sheet 5 and prioritize them by importance. I repeat: by importance, not urgency. You should ask yourself, "If I only have enough money to pay one thing, what would that be?" Then ask, "If I only have enough money to pay one more thing, what will that be?" Move this way through the list. Now be prepared to stand your ground because things have a way of seeming important when they are only urgent. Saving should be a high priority!

The third column, "Cumulative Amount," is the total of all amounts above that item. So, if you get a \$2,000 check, you can see how far down your priority list you can go.

Item	Amount	Cumulative Amount
Penny's	\$150	\$150
Sears	\$250	\$400
1/2 Couch	\$500	\$900
Vacation - part	\$200	\$1100
Christmas - part	\$400	\$1500
Visa	\$500	\$2000

Irregular Income Planning

Sheet 8

Many of us have irregular incomes. If you are self-employed or work on commission or royalties, then planning your expenses is difficult since you cannot always predict your income. You should still do all the sheets except Sheet 7. Sheet 5 will tell you what you have to earn monthly to survive or prosper, and those real numbers are very good for goal setting.

What you must do is take the items on Sheet 5 and prioritize them by importance. I repeat: by importance, not urgency. You should ask yourself, "If I only have enough money to pay one thing, what would that be?" Then ask, "If I only have enough money to pay one more thing, what will that be?" Move this way through the list. Now be prepared to stand your ground because things have a way of seeming important when they are only urgent. Saving should be a high priority!

The third column, "Cumulative Amount," is the total of all amounts above that item. So, if you get a \$2,000 check, you can see how far down your priority list you can go.

Item	Amount	Cumulative Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Cash Flow Planning

Breakdown of Savings

After this worksheet, turn to page 42 to follow along with Dave.

Sheet 9

After your emergency fund is fully funded, you can save for certain items like furniture, car replacement, home maintenance, or clothes, and your savings balance will grow. This sheet is designed to remind you that all of that money is committed to something, not just a Hawaiian vacation on impulse because you are now "rich." Keep up with your breakdown of savings monthly for one quarter at a time.

Item	Balance By Month		
	September	October	November
Emergency Fund (1) \$1,000	_____	_____	_____
Emergency Fund (2) 3-6 months	_____	_____	_____
Retirement Fund	_____	_____	_____
College Fund	_____	_____	_____
Real Estate Taxes	_____	_____	_____
Homeowners Insurance	_____	_____	_____
Repairs or Mn. Fee	_____	_____	_____
Replace Furniture	\$600	\$650	\$700
Car Insurance	_____	_____	_____
Car Replacement	_____	_____	_____
Disability Insurance	_____	_____	_____
Health Insurance	_____	_____	_____
Doctor	_____	_____	_____
Dentist	\$500	\$500	\$500
Optometrist	_____	_____	_____
Life Insurance	_____	_____	_____
School Tuition	_____	_____	_____
School Supplies	_____	_____	_____
Gifts (inc. Christmas)	\$600	\$700	\$800
Vacation	\$500	\$650	\$800
Other _____	_____	_____	_____
Other _____	_____	_____	_____
TOTAL	\$2200	\$2500	\$2800

Breakdown of Savings

Sheet 9

After your emergency fund is fully funded, you can save for certain items like furniture, car replacement, home maintenance, or clothes, and your savings balance will grow. This sheet is designed to remind you that all of that money is committed to something, not just a Hawaiian vacation on impulse because you are now "rich." Keep up with your breakdown of savings monthly for one quarter at a time.

<u>Item</u>	<u>Balance By Month</u>		
	_____	_____	_____
Emergency Fund (1) \$1,000	_____	_____	_____
Emergency Fund (2) 3-6 months	_____	_____	_____
Retirement Fund	_____	_____	_____
College Fund	_____	_____	_____
Real Estate Taxes	_____	_____	_____
Homeowners Insurance	_____	_____	_____
Repairs or Mn. Fee	_____	_____	_____
Replace Furniture	_____	_____	_____
Car Insurance	_____	_____	_____
Car Replacement	_____	_____	_____
Disability Insurance	_____	_____	_____
Health Insurance	_____	_____	_____
Doctor	_____	_____	_____
Dentist	_____	_____	_____
Optometrist	_____	_____	_____
Life Insurance	_____	_____	_____
School Tuition	_____	_____	_____
School Supplies	_____	_____	_____
Gifts (inc. Christmas)	_____	_____	_____
Vacation	_____	_____	_____
Other _____	_____	_____	_____
Other _____	_____	_____	_____
TOTAL	_____	_____	_____

Cash Flow Planning

How to Balance Your Checkbook

- Keep your check book register current by subtracting both checks and withdrawals and adding deposits, as they're made, to keep your check book balanced correctly.
- Balance your check book within 72 hours of receiving your bank statement (to make sure there aren't any mistakes).
- What do I need to balance my check book?
 1. Your Check Book Register
 2. Your Last Bank Statement
 3. A Reconciliation Sheet (located on the back of most statements)
- Where do I start? Checkbook vs. Bank Statement

Start by putting check marks, in your checkbook, for each of the checks and deposits included in your bank statement. Make an entry in your checkbook for any bank Service Charges (or interest paid) made by the bank.

Checkbook Register						
Check Number	Date	Fee	Transaction Description	Payment	Deposit	Balance
						\$564.46
5671	8/12	X	One Stop Grocery	57.40		507.06
5672	8/14		Electric Company	101.00		406.06
	8/14		Paycheck		700.00	1106.06
5673	8/16		Telephone Compnay	50.00		1056.06
5674	8/19		One Stop Grocery	66.00		990.06
		X	Bank Service Charge	2.50		987.56

Bank Balance Example

On the Reconciliation sheet, list any checks and/or withdrawals or other deductions that are in your check book that are not on your bank statement and total the list.

On the Reconciliation sheet, list any deposits that are in your checkbook but are not included on your bank statement and total the list.

Beginning with the ending balance from your bank statement, subtract the total withdrawals and add the total deposits that were not on your statement.

Compare with your check book balance. If they don't agree, double check your lists and re-add your check book entries until you find the difference.

List the balance from your bank statement

\$ 504.56

List the checks from your check book that aren't on your statement

The Electric Company	5672	8/14	101.00
Telephone Company	5673	8/16	50.00
One Stop Grocery	5674	8/19	66.00

TOTAL \$ 217.00

(-) \$ 217.00

List the deposit amounts in your check book that aren't on your statement

Paycheck	8/14		700.00

TOTAL \$ 700.00

(+) \$ 700.00

List the balance from your bank statement

\$ 987.56

Cash Flow Planning

Cash Flow Planning

Points to remember:

- Do a Monthly Budget
- Name Every Dollar
- Use Envelopes
- Work the Baby Steps

Answer Key (left to right)

Active	Cash	Flow
ATM	Debit	Bread
Water	Zero	Envelope