

MONTHLY CASH FLOW PLAN INSTRUCTIONS

The Goal: The goal of this worksheet is to develop a cash flow plan that gives you the power to save money, lower your debt, and minimize the new debt that you accumulate. Remember, YOU manage your money, your money doesn't manage YOU!

What is a Zero Balance Cash Flow Plan? This plan involves "spending" every dime that you earn every month. When you add up what you've spent, and subtract your monthly income, the resulting number will be zero. There will be no money left over. Likewise, you will not be short on funds either.

Step 1: Categories & Budgeted Items There are 11 categories. Things like Housing, Food and Debts are separated for you. Under each category are Budgeted Items. These items are an attempt to help you break out all of the things that cost you money every month. Again, the object is to "spend" your entire paycheck and have nothing left.

Step 2: "Extra Money" There is no such thing as extra money. If you stop on your way to work and buy a coffee every day, account for it! Your plan has to be realistic. If you try to convince yourself that you're not going to stop for coffee anymore, you will most likely fall back into the habit within a few weeks. And when you do that, you'll have to take the money from another budgeted item, which will cause your plan to fail! So be realistic! Make it work for you! Utilize the "Money to Blow" item at the bottom of page 2.

Step 3: Total the amounts for each budgeted item and record it on the "Category Total" line (the Excel version of this worksheet calculates everything automatically).

Step 4: Total the Category Totals at the bottom of the page on the "Page Total" line.

Step 5: At the bottom of page 3, record all of your page totals and add them up. Record the total on the "Grand Total" line.

Step 6: Record your monthly income on the "Total Income" line. Always use take home pay and not gross pay.

Step 7: Subtract your income from your grand total. Check the "Reading the Results" section for more info.

Step 8: Compare your plan with reality. Save your receipts for a month and plug in all of your actual expenses in the "Actually Spent" column. Be honest, don't manipulate the numbers! Calculate the difference in what you spent versus the plan you've developed. (Again, the Excel version of this worksheet will do it for you). If you are spending too much, that's OK. Your cash flow plan will help you fix the issue. But seeing exactly where you've overspent is helpful.

Step 9: Make adjustments. I guarantee the first month you try to follow your plan, you will fail. That's OK! You can make adjustments and refine your plan. The next month, you'll get better. And the month after that, better still.

THINGS TO REMEMBER

Be Kind. Whether you live alone or with someone, being kind to yourself and others will go a long way to making cash flow planning a positive task. As stated above you will most likely not get it right at first. But if you stick with it and remember the basics, success will come. Getting upset, angry or negative will only hamper the progress that you're making.

It Takes Time! If you've handled money in one way for years, it will be very hard to take a completely new approach. There is no quick fix. Failure is normal. Make adjustments and try again. Every month is a step closer to getting control of your money!

MONTHLY CASH FLOW PLAN

Category/Budgeted Item	Amount	Category Total	Actually Spent	Difference
CHARITABLE GIFTS	_____	_____	_____	_____
SAVINGS				
Emergency Fund	_____		_____	_____
Retirement Fund	_____		_____	_____
College Fund	_____	_____	_____	_____
HOUSING				
First Mortgage	_____		_____	_____
Second Mortgage/HELOC	_____		_____	_____
Real Estate Taxes	_____		_____	_____
Homeowner's Insurance	_____		_____	_____
HOA Fees	_____		_____	_____
Repairs/Maintenance	_____		_____	_____
Replace Furniture	_____		_____	_____
Other	_____	_____	_____	_____
UTILITIES				
Electricity	_____		_____	_____
Water	_____		_____	_____
Gas	_____		_____	_____
Cell Phone	_____		_____	_____
Cable/Internet	_____	_____	_____	_____
*FOOD				
*Groceries	_____		_____	_____
*Restaurants	_____	_____	_____	_____
TRANSPORTATION				
Car Payment 1	_____		_____	_____
Car Payment 2	_____		_____	_____
*Gas	_____		_____	_____
*Maintenance/Repairs	_____		_____	_____
Car Insurance	_____		_____	_____
Car Replacement Fund	_____	_____	_____	_____

PAGE 1 TOTAL

Category/Budgeted Item	Amount	Category Total	Actually Spent	Difference
*CLOTHING				
*Children	_____		_____	_____
*Adults	_____		_____	_____
*Dry Cleaning/Laundry	_____	_____	_____	_____
MEDICAL HEALTH				
Insurance Premium 1	_____		_____	_____
Insurance Premium 2	_____		_____	_____
Doctor Bills	_____		_____	_____
Dentist	_____		_____	_____
Optometrist	_____		_____	_____
Medications	_____		_____	_____
Supplements/Vitamins	_____	_____	_____	_____
PERSONAL				
Life Insurance	_____		_____	_____
Child care	_____		_____	_____
*Baby Sitter	_____		_____	_____
*Toiletries	_____		_____	_____
*Cosmetics	_____		_____	_____
*Hair Care	_____		_____	_____
Education Expenses	_____		_____	_____
School Tuition	_____		_____	_____
School Supplies	_____		_____	_____
Child Support	_____		_____	_____
Alimony	_____		_____	_____
Subscriptions	_____		_____	_____
Organization Dues	_____		_____	_____
Gifts (Including Christmas)	_____		_____	_____
*MONEY TO BLOW \$\$	_____	_____	_____	_____

PAGE 2 TOTAL

Category/Budgeted Item	Amount	Category Total	Actually Spent	Difference
RECREATION				
*Entertainment	_____		_____	_____
Vacation	_____	_____	_____	_____
DEBTS				
Credit Card	_____		_____	_____
Credit Card	_____		_____	_____
Credit Card	_____		_____	_____
Credit Card	_____		_____	_____
Credit Card	_____		_____	_____
Credit Card	_____		_____	_____
Finance Company Loan	_____		_____	_____
Personal Loan	_____		_____	_____
Student Loan(s)	_____		_____	_____
Other	_____		_____	_____
Other	_____		_____	_____
Other	_____		_____	_____
Other	_____	_____	_____	_____

PAGE 3 TOTAL

PAGE 3 TOTAL

PAGE 2 TOTAL

PAGE 1 TOTAL

GRAND TOTAL

TOTAL INCOME

DIFFERENCE

Reading the Results
The "Difference" number should be Zero.
I have a positive "Difference" number. You can add the difference into your cash flow.
I have a negative "Difference" number. You must subtract the difference from your cash flow.

*** Envelope System Items**

These budgeted items can be paid for in cash using the envelope system. Every pay period, take the appropriate amount of cash for each budgeted item and place it in an envelope. For example, if your food budget calls for for \$200 from each pay, place that amount of cash into the "food envelope" and take that envelope with you to the store. You can clip coupons and buy sale items to help minimize the amount you spend. You can also plan ahead for future events. For example, if you know that you're cooking a family member a birthday dinner, you can try to leave \$20 from each pay period in the envelope. After five pay periods, you've got \$100 to spend on the birthday dinner! Most importantly, you didn't use a credit card! You may actually enjoy the challenge of minimizing what you spend and accumulating extra funds in the envelope. You can even take the extra money and buy some really good steaks as a reward for "beating the system!"