G. Ingles Art & Financial Worksheet

The Balance Room

Your balance room is a personal check weekly or monthly on how your finances are balancing out. Any system that is not monitored often can fail. For a houshold to stay in balance, debits should not exceed the weekly or monthly credits taken in. For example if you bring in $4000 a month, your debts should not equal $4000 a month. When your debits or bills exceed your credits received weekly or monthly, this puts you in a place of only breaking even or living paycheck to paycheck.

Most times, this can be corrected by sorting your needs vs wants. Start by writing down all of your bills or payments a month, the amounts, and then ranking them by what is most important. Bills that are mandatory should be labeled a #1, recurring bills that vary in amounts each month label a #2, bills that could be switched to another provider or that are for amusement should be labeled a #3. Any items that are not neccessary, could be closed, or removed from the budget label #4.

Some example: mortgage , trash, sewer, water, electricity, phone, internet, credit card1, credit card2, insurance 1, insurance 2, dental bill, store credit card, car note,1, motorcycle1, car note 2, car note3, kids basketball, kids savings, kids wrestling, lawn service, dining out, grocerires, kids medical bills, life insurance, Netflix, Amazon Prime, Hulu, Costco Membership, Sams Club, day care, kid 1 college savings, kid 2 college savings, liquor, vape pens, gasoline, vacation fund1, Christmas fund

In the above example, any items with fixed amounts would be labeled a #1, recurring bills like electric, sewer would be a #2, internet and phone service #3, dining out and credit cards a #4. Now it's your turn. Use the below lines to write down your bills, the amounts and label which categories they fall in. The more throughrall you are in labeling where your money goes monthly, the better it will be to access your potential savings and current pitfalls.

Next, let's list all your credits you receive a month. This could be from consulting, W2 income, services given, or income from assets/property.

Sum of all monthly credits :

Let's also tally up all your bills in the previous categories. How much did you have labeled #1, #2, #3, and #4?

#1

#3

#2

#4

Do your #3 and #4 categories exceed your #1 and #2 categories? If so, by how much?

Do all of your categories equal or exceed your credits you receive per month? What items could you reduce or close in #3 or #4 (write an R next to these)?

How much would that save you a month by reducing your spending in category #3 and #4?

Some financial models recommend saving 10-15% of your income and having six months of expenses saved to ensure you will have enough for retirement or a life of leisurely working. However, given the higher amount of credit card, student debt, and short term debt usage over the past twenty years, it is my opinion, people should save 20-35% (or more if possible) of their net income per month. This will help build your retirement nest egg faster and your emergency saving. Everyone whom is looking to travel, leave a current job, or take on a life of leisure needs to have 24 months or more of your total expenses including food saved. This allows for contingencies, emergencies, and your monthly expenses to be met.

Using this information, let's find the ***maximum amount you could be saving a month***. Insert your numbers into the following equation.

(Sum of your monthly credits) - (Amount in category #1 and #2) -(cost of groceries, medical, dental) - (15% of the total amount in category #3)

The above number is the maximum amount you could save monthly from your budget. It is a number that excludes much of your leisure categories to focus primariliy on savings. You may find while doing this worksheet that some of your medical, dental, HSA, retirement savings, costs, or payments on larger debts are already accounted for if you have W2 income or payment assistance. You may not need to reduce your totals further.

Debt erodes your spending power. The more debt you have the less leisure you can enjoy. Increasing your savings reduces the need to use credit, which will also increase your checking account balance. Your checking account should be used to cover short term bills but not house your savings. Balances in excess of your short term bills should be moved to a high yield money market or investment account.

Amounts moved to savings should be considered off limits for spending. Amounts used for investing should not be touched for 12 months or longer.