

Instructions for building a Spending Plan using the papers gathered for taxes plus. . .

1. Income information is found on the W2s and 1099s used for tax purposes
2. Housing information – mortgage and rent are fixed expenses. Utility information comes from current bills or previous records made available by the provider. If available, use that information to determine an average. If not, try to estimate from current bill and note totals as new bills come in for more accurate records next year.
3. Savings and debt repayment – Note all fixed debts and obligations using your tax records and the Plan Ahead – Debts worksheet from Part 3 where applicable. Note specific amounts already committed to savings. Use the Plan Ahead Assets and Financial Goals forms you worked on in Part 3 to adjust these categories as you continue to develop your plan.
4. Transportation – Insurance premiums and auto loans are fixed. Divide insurance annual premium by 12 and set aside that much each month so you the full amount accumulated when due. If you do not have a loan, have you considered setting aside an amount each month to build a fund toward replacing your car? Credit card statements, or cancelled checks may provide records for gas and maintenance costs.
5. Personal expenses –If you do not have records, check statements and bank records to aid in your monthly estimate. Print another “Spending Plan” and note actual totals each month so you have an accurate record next year. Wait until you have completed the rest of the plan, before determining how much personal spending money each person will receive to spend however the person chooses. *This is crucial in making a spending plan work, even if the amount is small!*
6. Health – Insurance premiums are fixed. Prescriptions, copays, out of pocket expenses were used in filling out schedule A, along with the insurance premiums, if you itemized your income taxes. If someone else prepared your taxes, look for the worksheet using the full total of medical expenses, not the amount shown on Schedule A. Health care providers can provide you a printout of your spending for the past year or may have the information online.
7. Entertainment and vacation categories are the most flexible. Try to plan for some fun during the year!
8. Summary – Categories correspond to different colors on the Spending Plan. Determine the difference between Income and Expenses. They should even out. If not, rework your plan. Take a look at the Financial Goals developed in Part 3. What can you adjust to meet more of those goals? More income – can you increase debt repayment? Savings? More expenses – what can you reduce to bring expenses in line with income? Analyze, plan, strategize and rework until you are satisfied you have a plan that will work for you! Adjust it as needed throughout the coming year. Lay a solid foundation and regular tweaks will keep your financial life on track.

