



The Money Lantern

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Budget initial setup worksheet

I recommend you use this worksheet initially to set up your budget or envelope system. Then, you can continue to divide your money into categories each time you get paid, without reinventing the wheel every paycheck.

Step 1: List all your income sources, how often you get paid, and how much. If there are any variables, estimate slightly low on income.

Step 2: List all your bills and monthly subscriptions. This could include mortgage or rent, electric bill, phone, internet, garbage pick-up, car insurance, registration, medical expenses, debt repayment, magazines, groceries, etc. Some of these bills are predictable, so list the known amounts. Some will vary, like groceries. A good estimate to start with is \$100 per month per person. Once you have a few receipts to track, you can adjust this amount to better fit your family and local prices.

Step 3: Decide on your spending categories. I prefer to keep things simple and combine small categories into bigger ones. For example, I have a category for bills, and a category for daily expenses. I don't want to have to split receipts up, or try to figure out which account an expense comes from.

Step 4: Add up known expenses into groups to fit into the categories you made. For example, for your bills category, you would add up your rent, power, phone, internet, etc.

Step 5: Compare your income to your expenses in each category to determine percentages. For example, if you have a total monthly income of \$4000, and your bills category adds up to \$1000 in expenses, you will need to allocate 25% for your bills Category. Be sure to use monthly terms for everything. Annual bills should be divided By 12.

Step 6: Get an accurate count of your current money. Divide it into categories by the percentages you established in step 5. This can be done on paper.

Step 7: Divide your money into categories by percentages each time you get paid.

Additional help: Once you have seen your financial situation on paper, you may see some obvious money suckers. Eliminate them if you can. Make an emergency fund a top priority. \$1000 is an excellent initial goal to set aside for a stormy day.



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List all known bills and subscriptions, how often they are due, and how much. If they vary, estimate high.

Notes: