








**BUDGETING FOR THE FAMILY:**

A fundamental requirement for debt-free living is that the family prepare, live by and frequently update a family budget. Here are some of the reasons why:

-  Identifying the sources of spending is required before controls can be implemented.
-  Writing down a structure provides a foundation for the formulation of action plans.
-  Action plans tend to incorporate goals which are essential for future progress.
-  Agreeing on a budget together removes a prevalent cause of family discord.
-  Removing the unknown also removes a source of fear from the family environment.
-  Long-term financial planning cannot occur until a short-term plan is implemented.
-  Members of the family can be held accountable for individual financial performance.

A family budget should usually be relatively simple so that its administration is easily accomplished. It should be considered as a guideline and never as rigid law that family members must adhere to "to the letter" to avoid the consequences of gruff authoritarianism. The family financial authority should be flexible providing encouragement for all the members to work together for the same financial goals. And the family budget should be considered of the highest priority for the ongoing welfare of the family unit.

Don't forget to allow in your monthly budget for those expense outlays you make less frequently during the year (you need to save up for them).

If you need more help, you can obtain more complete guidelines for family budgeting by purchasing our publication, "Budgeting Guidelines: How To Prepare And Use A Family Budget" by clicking into the Self Help Publications section of our website (<http://www.creditcounseling.net/self-help-publications.html>).

The percentages shown are approximate targets based on national averages and expressed as percents of Net Spendable Income.

**FAMILY BUDGET**

**Monthly:**

**Income**

Gross Salary #1

Gross Salary #2

Net Income #1

**6) Medical (4%)**

Medications/Vitamins

Doctor Visits

Dentist

Eye Care/Other

Net Income #2

**Take Home Pay**

Pension/SS/Unemployment

Rental/Other Investments

Child Support/Alimony

Second Job/Other Income

**Total Available Income**

Tithes/Offerings to Church

**Net Spendable Income**

*Total Available Income subtract Tithes and Offering*

**Essential Living Expenses**

**1) Housing (30%)**

Mortgage / Rent

Second Mortgage

Association Fees

Insurance

Property Taxes

Lawn/Pool

Security System

Pest Control

Maintenance/Repairs

**Total Housing**

**2) Utilities (6%)**

Electricity

Telephone

Water/Sewage/Garbage

**Total Medical**

**7) Legally Required Pmts/Loans-Debts (4%)\*\***

Child Support / Alimony

Back Taxes to IRS

Student Loans

Secured Debts / Other Loans

Other Legal

**Total Legal/Loans-Debts**

**Flexible Living Expenses**

**8) Clothing (4%)**

Purchases/Uniforms

Dry Cleaning/Laundry

**Total Clothing**

**9) Other Flexible (5%)**

Child Care/Private School

College Plan

Toiletries/Cosmetics

Barber/Beauty Salon

Charitable Contributions

**Total Other Flexible**

**Optional Living Expenses (10%)**

Fitness Club/Recreation

Entertainment/Eating Out

Gas/Heating

**Total Utilities**

**3) Household Food and Supplies (12%)**

Groceries & Cleaning Sup

Lunches (work/school)

Total Food /Household

**4) Transportation (15%)**

Auto Payment #1

Auto Payment #2

Auto Insurance

Gasoline/Tolls/Parking

Repairs/Oil Changes

Tags/Registration

Transit Fares

**Total Transportation**

**5) Insurance (5%) \* do not record if in payroll**

Medical

Life

Other

**Total Insurance**

Cable TV

Internet

Cell Phone/Pager

Gifts

Vacation

Pet Care

Allowances

Subscriptions

Tobacco

Other Miscellaneous

**Total Optional**

**Total Living Expenses**

**Surplus Cash Flow:(5%)**

(Savings, Investments, or Unsecured Debts)

Note: Foregoing percentages are based on national averages and are relative to Net Spendable Income. If insurance is part of payroll, do not add in Total Expenses.

\*\*If this category does not apply, it is recommended the 4% allocation be added to surplus cash for savings.

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