



Examine Your Budget...

The first step in getting your financial house in order is to track your spending. Once you have your budget mapped out, you can decide which expenses can be trimmed. Use this worksheet to break down your budget.

INCOME			
Take-home Pay		Disability/Other Insurance	
Child Support/Alimony		Interest/Dividends	
Pension/Social Security		Other	
		Total Income	
EXPENSES			
Rent/Mortgage		Personal Care Products	
Life Insurance		Groceries	
Health Insurance		Dining Out	
Vehicle Insurance		Medical/Dental/Prescriptions	
Homeowners or Other Insurance		Household Goods	
Car Payments		Recreation/Entertainment	
Other Loan Payments		Child Care	
Savings/Pension Contribution		Education	
Utilities		Charitable Donations	
Credit Card Payments		Miscellaneous	
Car Maintenance		Total Expenses	
Clothing		Remaining Income after Expenses	

5 Financial Questions

Every household has a different financial situation, but regardless **YOU NEED TO ANSWER.** of your circumstances, there are five important financial questions you need to answer.

- 1. How much money should I save?** The rule of thumb is 10 percent of each pay cheque should be put into a savings account for unexpected expenses and other savings goals. You should also contribute to your retirement savings. If your employer matches your contributions, strive for 5 percent of your income. But remember, starting the habit, no matter how small the amount, is the important part.
- 2. How much debt should I have?** The ideal answer is none, but during economic times like these, that is fairly unrealistic. Most financial experts recommend 36 percent or less of your gross monthly income should be paid toward debt payments.

- 3. How much home should I buy?** The debt-to-income ratio of 36 percent applies here as well. After subtracting out your other debt, strive to be left with a monthly payment that is suitable for your budget.
- 4. How much money will I need for retirement?** Financial experts suggest that you should plan on having 75–80 percent of your pre-retirement annual income available during your retirement years. However, this figure can come down a bit if your home is already paid off.
- 5. How big should my emergency fund be?** An emergency fund is used when you have an unexpected loss of income or financial emergency. It is recommended that you work toward having three months worth of expenses available.