

PLAN FOR A BETTER RETIREMENT

One of the keys to long-term financial success is to spend less than what you earn. But most people don't know what they are spending. A recent survey by the Certified Financial Planner Board of Standards showed 59% of the respondents don't track their expenses. In addition, two in five have never had a budget.

It is important to know your numbers. This means you need to know what comes in (income) and what goes out (spending). When you understand how the cash flows you can make better decisions.

We created this worksheet to help you know your numbers. It allows you to define not only what you spend, but to categorize its importance in your life.

This is a starting point designed to help you better manage your cash flow.

Page 1: Fixed Expenses: This includes things like a mortgage payment or rent, a car payment, taxes, and insurance premiums.

Page 2: Essential Expenses: This includes things like your groceries, healthcare expenses, and utilities.

Page 3: Discretionary Expenses: This includes what you spend on vacations, hobbies, entertainment and dining out.

Page 4: Income: This includes earned income and retirement income.

FIXED EXPENSES

Fixed expenses don't change very often. Many times they are some of the largest in your budget. They include things like a mortgage payment or rent, a car payment or premiums for insurance.

Fixed Expenses	Current	Projected In Early Retirement	Projected In Late Retirement
Mortgage			
Rent			
Car Payment			
Car & Homeowners Insurance			
Medical Insurance			
Prescriptions			
Taxes (Real Estate/Pers. Prop)			
Taxes (Income)			
HOA/Condo Fees			
Credit Card Balance			
Other:			
Other:			
Other			
Total			

ESSENTIAL EXPENSES

Essential Expenses are critical to survival. They include food, your utilities, gasoline, and the cost of doctors appointments. They also vary from month to month. And you do have some control over these. These are probably not things you will eliminate from your daily lives.

Because they vary from month to month. Try to take an average over the past several months.

Essential Expenses	Current	Projected In Early Retirement	Projected In Late Retirement
Groceries			
Water			
Electric			
Natural Gas			
Cable/Internet			
Trash			
Gasoline/Vehicle Expense			
Medical Expense			
Other:			
Other			
Other			
Other			
Other			
Other			
Total			

DISCRETIONARY EXPENSES

Discretionary expenses cover everything else. These costs include the things we want to do but may not be essential. This includes things like vacation, dining out, entertainment and hobbies.

These may vary from month to month, and they may not happen every month. Try to take an average over several months.

Discretionary Expenses	Current	Projected In Early Retirement	Projected In Late Retirement
Vacation/Travel			
Dining Out			
Entertainment			
Subscriptions (ie Netflix, Amazon)			
Hobbies			
Pet Care			
Personal Care (Haircuts, etc)			
Recreation			
Charitable Donations			
Support for Adult Children/Parents			
Other			
Other			
Other			
Other			
Other			
Total			

Let's add it all up. Put the total from the bottom of pages 1, 2, and 3 in the table below. Add it up and this is the amount you either spend now or plan to spend in retirement.

Total Expenses	Current	Projected In Early Retirement	Projected In Late Retirement
-----------------------	----------------	--------------------------------------	-------------------------------------

Fixed Expenses (Page 1)

Essential Expenses (Page 2)

Discretionary Expenses (Page 3)

Total

INCOME

Income	Current	Projected Early Retirement	Projected Late Retirement
---------------	----------------	-----------------------------------	----------------------------------

Salary/Wages

Social Security

Pension Income

Other Income (Rent, etc)

Other income

Total

To estimate your investment income, use your account balances, multiply by 4% and divide by 12. This will give you an estimate of how much investment income you can expect to receive from your retirement savings.

Investment Income	Current	Multiply by	Divide by
		4%	12

Retirement Plan Balances

Other Investments

Total