

Budgeting Worksheet

A budget is one of the most important tools you can use to manage your money and save for retirement. Limiting your spending and living within your means can have a huge impact on your financial security throughout your life, since you generally have more control over your spending than on your income from work or investments. As seen below, even small changes can add up in the long run. Cutting spending can be a great way to contribute extra money to a retirement account, build up an emergency fund, or reduce your debt.

» Weekly Savings	» 1 Year	» 5 Years	» 10 years	» 20 years
» \$10	» \$ 520	» \$ 2,600	» \$ 5,200	» \$10,400
» \$20	» \$1,040	» \$ 5,200	» \$10,400	» \$20,800
» \$50	» \$2,600	» \$13,000	» \$26,000	» \$52,000

Use this worksheet to examine how much income comes into your household on a monthly basis. Be sure to include all sources of income you receive, as well as your spouse or partner's income if applicable. You should use your take home pay, not your income before taxes, for the best results.

Your Income

Income Source	Your Income	Your Spouse/Partner's Income	Total
Salary/Wages from Employment			
Income from Self-Employment			
Rental Property Income			
Alimony			
Monthly Investment Income			
Social Security			
Pension Benefit			
IRA Income (Distribution)			
401(k) Income			
Veteran's Pension			
Annuity Income			
Inheritance/Trust			
Gifts			
Other			
Total			

Next, look at how this money is spent on both fixed expenses, like rent and groceries, and flexible expenses, like entertainment. While filling out the next worksheet, think of some ways you can cut costs and work towards a secure financial future.

Your Expenses

Expense Category	Expense Item	Column A Fixed Expenses	Column B Flexible Expenses
Housing	Rent/Mortgage/Taxes		
	Maintenance/Condo fee		
	Lawn/Garden		
	House Cleaning		
Utilities	Electric		
	Gas/Oil		
	Water/Sewer		
	Garbage		
	Phone		
	Internet		
Food	Groceries (average)		
	Restaurants		
	Snacks (coffee, etc.)		
	Entertaining (food/beverages, etc.)		
Transportation	Car payment/Lease		
	Gas		
	Car Insurance		
	Subway/Bus/Parking		
Medical	Health Insurance		
	Regular Prescriptions		
	Out-of-Pocket		
	Fitness Programs		
Appearance	Clothing		
	Dry Cleaning		
	Hair Care		
	Miscellaneous		
Other			

Your Expenses, continued

Expense Category	Expense Item	Column A Fixed Expenses	Column B Flexible Expenses
Childcare			
Entertainment	Movies		
	Newspapers/Books		
	Cable TV		
	Sports (Golf, etc.)		
	Theatre, Concerts		
	Travel		
Savings	Retirement Contributions		
	Other Savings		
	Reserve Fund Contributions		
Creditors	Credit Cards		
	Other		
Other	Business Expenses		
	Alimony		
	Other		
TOTAL			

Now that you have recorded your income and expenses, it's time to combine them to find your monthly savings or shortfall. Subtract both your fixed and flexible expenses from your total income. If you get a negative number, it means you are not living within your means. You should find ways to cut your expenses to avoid going further into debt. If you get a positive number, you can use that extra cash to boost your savings or reduce debt.

Putting It all Together

Total Income

Subtract Total From Column A

Subtract Total From Column B

Savings or shortfall

Your To-Do List

- ❑ Work to find ways to decrease your spending, from buying generic brand groceries and going out less to reducing your debt and the monthly interest you pay on it.
- ❑ Check out our tipsheet Managing Debt for more advice on paying down your debts. It can be found at www.aarp.org/orderfinancialpubs.
- ❑ Visit www.aarp.org/jeffyeager for cost-cutting advice from the Ultimate Cheapskate Jeff Yeager.
- ❑ For an interactive budgeting experience, you can use our Home Budget Calculator. It can be found in the tools section of our website at www.aarp.org/money.
- ❑ Visit www.aarp.org/retirementcalculator to estimate how much income you will have in retirement.

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