

Instructions for filling out your Financial Management Plan (FMP)

STEP 1: Monthly Net Income After Deductions

- Fill in the amount of MONTHLY income (what you actually bring home in your paycheck after all deductions are taken out). If you are paid weekly, multiply your paycheck amount by four; if paid every two weeks, multiply your paycheck by two. If your monthly income varies, try to determine a monthly average.
- Fill in the MONTHLY take home income for any other person(s) who contribute to the household income.
- If you or your spouse/partner receive money from child support or alimony enter that amount.
- List any additional money you receive ON A CONSISTENT BASIS, such as from part-time job, interest on investments, etc.
- Payroll savings applies only to a savings account that you have money automatically put into each month by payroll deduction and that you can withdraw at any time without penalty.
- Add up all of these items to get your **Total Monthly Net Income**. This is the total amount of money you have to work with.
- Pre-tax Retirement Savings are the MONTHLY amounts you and your spouse/partner contribute to a 401K or other employer retirement plan. This amount is not to be included as part of the Monthly Net Income total.

STEP 2: Monthly Basic Expenses

These items are the expenses you must pay every month just to maintain your household. Items such as rent/mortgage, utilities, and groceries, will always be part of your plan. Some expenses such as groceries may vary from week to week. To even out the amounts of the expenses for easier planning, we will use average monthly numbers.

There are some items, which are due on a non-monthly basis (once a quarter or yearly expenses, such as car insurance and vacations). For these non-monthly bills, take the total amount spent in a year and divide by 12 months to determine a monthly estimated amount. Such non-monthly expenses are called SAVE items because you need to save up for them. Put a check in the box beside all SAVE items. Other items such as utilities may vary with the time of the year. It may be helpful to take advantage of a “budget plan” option (offered by your utility companies) that would give you a consistent amount to plan on each month.

Skip items that do not apply to you and go on to the next item. Also, skip any items which are automatically deducted from your paycheck before you get it because they are already accounted for in your plan. List any small expense items not included in the Basic Expenses list such as newspapers, magazine subscriptions, and incidentals in the “miscellaneous” lines provided.

The more accurate you can be with your expenses, the more realistic your planning information will be. You may want to look back in your checkbook for actual amounts spent over the last month or two.

When you have filled in all these amounts, add them up and enter the total in the **Total Monthly Basic Expenses** line. Make a separate tally of all the checked SAVE items and place this total on last line in the Summary section of the form. This total indicates the amount of money you need to “Save” each month in order to be prepared for your non-monthly expenses.

STEP 3: Outstanding Debt

Under the OUTSTANDING DEBT section, list all your past due amounts and debts such as credit cards, bank loans, consolidation loans, student loans, taxes owed (either state or federal), unpaid medical expenses and any other debts you owe.

First list any past due amounts to Mortgage/Rent, Utilities (list each separately), and Car payments, plus any arranged payment amounts for each.

Then list all your creditors by name in the “Creditor Name” column. Put the interest rate charged for each debt in the “Interest Rate” column, enter the total amount owed to each in the “Account Balance” column, and the minimum amount of the monthly payment requested in the “Monthly Payment” column. If there is no minimum amount (such as an old bill not actively being collected on now) or a bill for which payment in full is requested, write the amount you think you can afford to begin paying.

Once finished, add each of the “Account Balance” & “Monthly Payment” columns separately and enter the amounts on the **Total Outstanding Debt** line at the bottom. These two totals will tell you the total amount owed to all your creditors, and the total minimum amounts you need to pay to creditors each month.

STEP 4: Summary

- Transfer the amounts from each of the “Total” lines and columns to the corresponding line in the Summary box.
- Subtract the Monthly Basic Expenses from the Monthly Net Income to determine the Money Available to Pay Debt amount. If this amount is negative, it indicates the amount you are short each month in trying to pay your Monthly Basic Expenses.
- Subtract Monthly Debt Payments Required from the Money Available to Pay Debt to determine the Target or Discretionary Amount. This amount indicates the amount of money you have left over (Discretionary) after you pay your entire monthly expenses and monthly debt payment. If this amount is a negative, it indicates the amount of money you are short each month (Target figure).

You now have valuable information that can help you explore options further.

How to use this information:

It may be helpful for you to speak with a financial professional about your budget. LifeWorks has Financial Consultants available who can review your budget with you over the telephone. If you would like to make an appointment with a Financial Consultant please click on the 'contact us' link at the top of the LifeWorks webpage and call us at the telephone number listed. In the meantime, here are some general guidelines for budgeting:

- If your basic expenses (not including debt payments) are greater than your income, attempt to reduce your expenses or supplement your income to bring these figures into balance. Expenses for housing, food, utilities, and transportation to work are called 'essential' living expenses and should be given priority over less essential expenses if your budget is out of balance.
- If your monthly income will pay your basic expenses but not any or all of your debt payments, focus again on increasing your income and trimming your expenses. You may also want to explore lowering your monthly debt payments by negotiating with your creditors, taking out a consolidation loan, or working with a credit counseling agency.

Remember to be patient and to give yourself time to get your budget in order. Consult financial professionals, books, friends, or others who can provide tips and support as you make progress. It may take some effort to achieve your financial goals but the benefits will be worth it!

