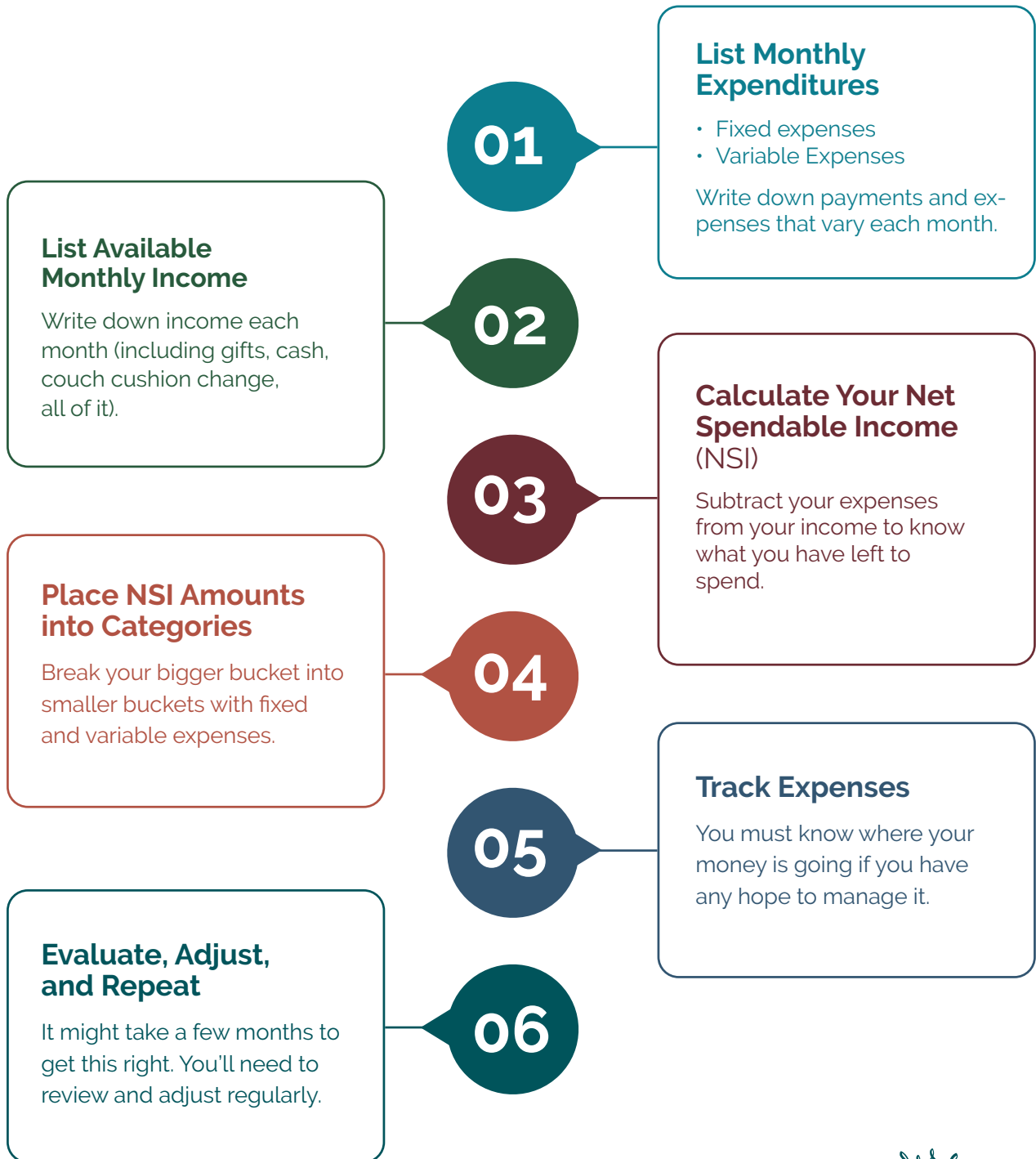


Creating a Spending Plan



QUICK START GUIDE: BUDGETING

Creating a Spending Plan



CROWN[™]

Advancing God's Principles of Stewardship and Life.

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Crown's Quick Start Guide Philosophy

Welcome to Crown's Quick Start Guide Series. This series of guides is meant to be very practical to get you to the solution you need as quickly as possible. We get to the point and explain each step as plainly as we can so you don't have to work so hard when you're already feeling overwhelmed and wondering where to begin.

Start with the basic principles on the cover, then read more for helpful tips. Check out our additional resources in the back to go further as needed.

We're glad you're here. If you need assistance, please reach out to us at clientservices@crowns.org

Getting Started

Before you launch into creating a spending plan, it's important to take a moment to think about what method will work best for you. Some people like the convenience of an app or online spreadsheet, while others prefer the old school pen and paper route. You'll also need to consider what's best if you have multiple spenders in your household.

Going Virtual

There are several apps on the market that can help you get and stay on track. Be sure to research each one, learn about their privacy policies, and select the one that works for you. Crown recommends the new [Quse app](#).

When creating a spending plan for the future, it's important to know where you've spent in the past. At this stage you can make your best guestimate, or you can review past bank statements for a more accurate view. Either way, you'll see the accurate numbers a little later in the process. If you pull past bank statements, be sure to go back at least three months if you pay taxes quarterly.

01

List Monthly Expenditures

- Fixed expenses
- Variable Expenses

Write down payments and expenses that vary each month.



STEPS

FIXED EXPENSES

- Tithe

- Federal income taxes*

- State income taxes*

- Federal Social Security taxes*

- Other taxes and insurances*

- Housing expenses (payment/rent)

- Residence Property taxes

- Residence Homeowner's or Renter's insurance

- Other (Subscriptions, Cell phone, cable, etc.)

**if taxes are deducted, ignore this item*

Note: Don't take on more house than you need. Whether you buy or rent, be sure to live within your financial means.

VARIABLE EXPENSES

Utilities

- 1 Power, heating, water, sewer, etc.
-

- 2 **Insurance**

(life, health, rental, etc.) – It is unfortunate to see so many families misled in this area. Few people understand insurance, either how much is needed or what kind is necessary. One of your best insurance assets is to have a trustworthy agent in charge of your program. A good insurance agent is usually one who can select from several different companies to provide you with the best possible buy and who will create a brief, uncomplicated plan to analyze your exact needs.

- 3 **Outstanding Debts**

It would be great if most budgets included 5 percent or less for debt repayment. Unfortunately, the norm in American families far exceeds this amount. Easy access to credit has made it possible for families to accumulate large debts quickly. Check out our *Quick Start Guide to Eliminating Debt* for help in this area

- 4 **Food**

Many families buy too much food, and others buy the wrong kinds of food. Make sure you're buying just the right amount of nutritious foods to meet your family's needs. Also, use coupons and take advantage of sales on products already on your shopping list. You can save a lot in this category by not eating out. When you do eat out, drink only water and by challenge yourself to find a meal that's less expensive than the first one that catches our eye



5 **Transportation**

(including car insurance) - Don't fall into the trap many families do when it comes to buying cars. Those who buy a new car often keep it for less than four years before trading it for a new model. In this scenario, they've wasted the maximum amount of money possible. Too often, we swap cars because we want to— not because we have to.

6 **Entertainment/Recreation**

We are a recreation-oriented country. That is not necessarily bad if put in the proper perspective. But those who are in debt should not use their creditors money to entertain themselves. Every believer, whether in debt or not, should seek to reduce entertainment expenses. This can usually be done without sacrificing quality family time.

7 **Clothing Allowance**

Many families in debt sacrifice this area of their budget because of excesses in other areas. And yet, with prudent planning and smart shopping, your family can be clothed neatly without great expense. This requires effort on your part in terms of saving enough money to buy with cash, becoming a skilled bargain-hunter, educating family members on the care of clothing, and learning how to make and mend clothes when necessary.

8 **Savings**

It is important that some savings be established in your budget. Otherwise, the use of credit becomes a lifelong necessity and debt becomes a way of life. Your savings will allow you to purchase items for cash and shop for the best buys, no matter the store.

9 School/Child Care

This category should reflect expenses related to school (including tuition, sports, and other activities) and child care.

10 Unallocated Surplus Income

Income from unallocated sources (garage sales, gifts) can be kept in one's checking account and placed in this category. This category is also useful for recording income information for tax purposes.

11 Health Care

(medical, dental, prescriptions) – You must anticipate these expenses in your budget and set aside funds regularly; failure to do so can wreck your plans and lead to indebtedness. Do not hesitate to question doctors and dentists in advance about costs. Also, educate yourself so you can discern when you are getting good value for your money. In the case of prescriptions, shop around. Ask about generic drugs. These are usually much less expensive and are just as effective.

12 Miscellaneous

These can include a myriad of items. Some of the expenses occur monthly while others occur on an as-needed basis (such as appliances).

13 Investments

Individuals and families with surplus income in their budgets will have the opportunity to invest for retirement or other long-term goals. As debt-free status is achieved, more money can be diverted to this category.

NOTE: In order to accurately determine variable expenses, it is suggested that both husband and wife keep an expense diary for 30 days. Every expenditure, even a small purchase, should be listed.

02

List Available Monthly Income

Write down income each month (including gifts, cash, couch cushion change, all of it).



Your available income will include any and all checks that come your way. Be sure to include any side gig income as well to create the best plan. Even if your side gig provides your “fun money,” you can allocate it in your spending plan so you’ll see where it’s going.

NOTE: If you operate on a non-fixed monthly income, use a yearly average divided into months.

TYPES OF INCOME

• SALARY

• INCOME TAX REFUND

• INTEREST

• CHILD SUPPORT (IF APPLICABLE)

• RENTS

• OTHER INCOME

• DIVIDENDS

Variable Income Planning

Families with variable monthly incomes need budgets even more than families on fixed salaries. Many people with fluctuating incomes get trapped into debt because they borrow during lean months and spend what they make during high-income months, rather than repaying what they previously borrowed. Proverbs 27:12 says, “*The prudent see danger and take refuge, but the simple keep going and pay the penalty.*” Living on a fluctuating income can be very deceiving—and difficult. Months of high income can easily be construed as a windfall profit. To properly budget a variable income you must conservatively estimate what your annual income is likely to be (you can do this by looking at your previous years’ salary, or if it’s a new job, asking your Human Resources department what is likely in your position), divide that by 12, and then develop your monthly budget based on that amount. You should put all your income into a savings account and draw out your average monthly salary from that account each month. This method will allow surplus funds from higher income months to accumulate in the savings account to cover budgeted expenses during months of lower income. This is not hoarding; it is planning, according to Proverbs 6:6-8.

03

**Calculate Your Net
Spensible Income
(NSI)**

Subtract your expenses
from your income to
know what you have left
to spend.



Time to grab that trusty calculator or the app on your phone and start adding and subtracting! To begin:

- Add up your total gross income - before any taxes are removed.

- Multiply that number by .1 to find your total annual tithe amount.

- Subtract your total annual tithe from your total income.

- Subtract any taxes (including federal, state, FICA, etc.) from your total income.

Voila!

You have your Net Spendable Income!

04

Place NSI Amounts into Categories

Break your bigger bucket
into smaller buckets
with fixed and variable
expenses.



Here's where the plan implementation starts! Some people like to do this for the whole year while others want to do this by month due to expected expenses hitting at different times throughout the year. If you want to do this by the month, be sure to divide your NSI by 12 to get your monthly total amount. You'll also want to divide your annual tithe amount by 12 and plug that in for your fixed expenses each month.

Take those fixed and variable expenses and plug them into the correct categories by downloading the: [Estimated Spending Plan Form/Spreadsheet](#) (page 5-6 of this workbook). The subcategories may fall into a different place for you (i.e. toiletries might fit under your food/grocery bill), feel free to move them around if you are using our spreadsheet template.

You're plugging in estimates here, but try to closely reflect your spending. When you're done, add up your totals and make sure your ending number is still positive! If it's not, go back through and see what expenses you can cut! Maybe one of those subscriptions needs to go until your other financial goals are met!

05

Track Expenses

You must know where your money is going if you have any hope to manage it.



This is where the rubber meets the road, as they say. Begin to track your expenses daily. When you make any purchase, download and track it in your: [Spreadsheet](#), (pages 10 and 11 of this workbook) or save your receipts and update your categories at the end of the day. This will help you see how much you have left and keep you on track to meet your spending plan. Using the Quse app will do this for you automatically!

If you think you're going to go over in a category, look at another one to see where you can flex. Before you add to that category, subtract it from another place and be sure that it's a reasonable exchange. For instance, it's less likely to be successful at the end of the month by removing funds from your food category than your clothing category.

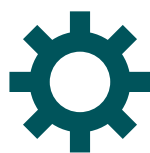
To the person who hates tracking we say this:

“You MUST know where your money is going if you have ANY hope of managing it.”

06

Evaluate, Adjust, and Repeat

It might take a few months to get this right. You'll need to review and adjust regularly.



Grace is the word. You may not get it right the first 30 days. You may do well in one area and go over in another. You just need to adjust for your lifestyle. The trick is to spend less than you earn so that you can be generous, gain savings, and pay off debt (check out our [Quick Start Guide to Eliminating Debt](#) for help in this area). Where you have leftover, adjust and add it to where you went over! Keep reviewing and adjusting and **give yourself grace** to make mistakes! Don't give up, keep working the plan and soon it will become second nature!

BONUS Tips

- 1 Unsubscribe from email lists and hide ads that will tempt you to overspend.

- 2 When you go out to eat, find what you'd like to order, then challenge yourself to get something \$3 less.

- 3 Wait 24-72 hours before making a purchase. Often you'll find that you didn't really need the item and you've just saved yourself some money!

- 4 Keep a list of things you sacrificed to make your budget work. Did you skip Starbucks one day? Did you downgrade from Premium to Basic on a subscription? Write it down and see your story of discipline unfold as you gain grounds financially!

Whose Money Is It?

Did you know there are over 2300 verses in the Bible about money and possessions? God has a lot to say about what we do with them. [Download](#) them today.

Haggai 2:8 says, *“The silver is mine and the gold is mine,” declares the Lord Almighty.* (NIV) It doesn't get any clearer than that. The money we earn is not our money, it's God's, and we are called to be His faithful stewards.

Yours, O Lord, is the greatness, the power, the glory, the victory, and the majesty. Everything in the heavens and on earth is yours, O Lord, and this is your kingdom. We adore you as the one who is over all things. Wealth and honor come from you alone, for you rule over everything. Power and might are in your hand, and at your discretion people are made great and given strength.

1 Chronicles 29:11-12

Everything belongs to God, our Father, including our money. All wealth comes from Him, whether a lot or a little. In the Parable of the Talents (Matthew 25: 14-30), Jesus teaches us that the Master is coming back to see what we did with the resources He gave us. Those who are faithful will be called to enter the joy of their Master. Creating your spending plan and keeping it will help you in your journey of becoming faithful!

We hope you've found this guide to be helpful. We have many more resources at crown.org. For direct help, please email us at clientservices@crown.org.

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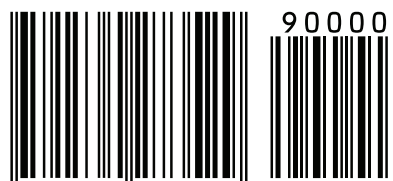
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ISBN: 978-1-56427-352-9

Printed in the U.S.A.

ISBN 978-1-56427-352-9



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