

HOW TO DETERMINE YOUR GROSS MONTHLY INCOME:

HOURLY

If you are paid hourly take your hourly pay multiplied by the number of hours worked each week multiplied by 52 weeks divided by 12 months, which equals your gross monthly pay.

$$\begin{array}{rcccc} \$ & \underline{\hspace{2cm}} & \times & \underline{\hspace{2cm}} & \times 52 \text{ weeks} \div 12 \text{ months} = \$ \underline{\hspace{2cm}} \\ \text{Hourly pay} & & & \text{hours worked} & \text{gross monthly income} \end{array}$$

WEEKLY

If you are paid weekly take your weekly pay before deductions multiplied by 52 weeks divided by 12 months, which equals your gross monthly pay.

$$\begin{array}{rcccc} \$ & \underline{\hspace{2cm}} & \times & \underline{\hspace{2cm}} & 52 \text{ weeks} \div 12 \text{ months} = \$ \underline{\hspace{2cm}} \\ \text{Pay before deductions} & & & & \text{gross monthly income} \end{array}$$

BI-WEEKLY

If you are paid bi-weekly take your pay before any deductions and multiply that number by 26 and divide by 12 months, which equals your gross monthly pay.

$$\begin{array}{rcccc} \$ & \underline{\hspace{2cm}} & \times & \underline{\hspace{2cm}} & 26 \text{ weeks} \div 12 \text{ months} = \$ \underline{\hspace{2cm}} \\ \text{Pay before deductions} & & & & \text{gross monthly income} \end{array}$$

TWICE A MONTH

If you are paid twice a month take your pay before deductions multiply that 24 and divide by 12 months, which equals your gross monthly pay.

$$\begin{array}{rcccc} \$ & \underline{\hspace{2cm}} & \times & \underline{\hspace{2cm}} & 24 \text{ weeks} \div 12 \text{ months} = \$ \underline{\hspace{2cm}} \\ \text{Pay before deductions} & & & & \text{gross monthly income} \end{array}$$

Add all other income received from spouse, second job, regular overtime, government assistance, child support, pensions, Social Security, etc.

My Gross Monthly is: \$ _____

HOW TO DETERMINE YOUR NET MONTHLY INCOME:

HOURLY

If you are paid hourly take your hourly pay multiplied by the number of hours worked each week subtracted by any deductions (such as tax and social security), multiplied by 52 weeks, divided by 12 months, which equals your gross monthly pay.

$$\begin{array}{ccccccc} \$ & \underline{\hspace{2cm}} & \times & \underline{\hspace{2cm}} & - & \underline{\hspace{2cm}} & \times 52 \text{ weeks} \div 12 \text{ months} = \$ \underline{\hspace{2cm}} \\ \text{Hourly pay} & & & \text{hours worked} & & \text{Any Deductions} & & \text{NET monthly income} \end{array}$$

WEEKLY

If you are paid weekly take your weekly pay AFTER deductions multiplied by 52 weeks divided by 12 months, which equals your gross monthly pay.

$$\begin{array}{ccc} \$ \underline{\hspace{2cm}} & \times 52 \text{ weeks} \div 12 \text{ months} = \$ \underline{\hspace{2cm}} \\ \text{Pay after deductions} & & \text{NET monthly income} \end{array}$$

BI-WEEKLY

If you are paid bi-weekly take your pay AFTER any deductions and multiply that number by 26 and divide by 12 months, which equals your gross monthly pay.

$$\begin{array}{ccc} \$ \underline{\hspace{2cm}} & \times 26 \text{ weeks} \div 12 \text{ months} = \$ \underline{\hspace{2cm}} \\ \text{Pay after deductions} & & \text{NET monthly income} \end{array}$$

TWICE A MONTH

If you are paid twice a month take your pay AFTER deductions multiply that 24 and divide by 12 months, which equals your gross monthly pay.

$$\begin{array}{ccc} \$ \underline{\hspace{2cm}} & \times 24 \text{ weeks} \div 12 \text{ months} = \$ \underline{\hspace{2cm}} \\ \text{Pay after deductions} & & \text{NET monthly income} \end{array}$$

My NET Monthly income is: \$ _____

Lesson 2: Money Management

Directions: Referring to your Monthly Budget Worksheet completed in the beginning of this course, please classify all of your monthly expenses under fixed, variable, or Periodic.

Fixed Expenses

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____

Periodic Expenses

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____

Variable Expenses

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____

**WHAT EXPENSES DO YOU FEEL
ARE UNNECESSARY AND MAY BE
REMOVED NEXT MONTH?**

Keeping adequate financial records.

Create a spending plan

Benefits to creating a spending plan:

1. **Helps to identify overspending.** Once all the numbers are on paper, the student can see exactly where the money is going and problem areas can be detected. For example, what percentage of income is going to housing costs? What is the student's debt-to-income ratio?
2. **Promotes honest interpersonal communication and accountability.** Money and how it is spent, is a leading cause for arguing and discontent between partners and family members. A solid spending plan is an objective starting place for making the adjustments necessary to reach financial goals.
3. **Increases motivation.** When the student identifies what they really want from the money they make, a tangible goal is been created. The spending plan is like a map leading toward future rewards.
4. **Tracks success.** Without a plan, there is no measuring stick to use to tell whether or not you are reaching your goals. With a spending plan in place, you can easily monitor the level of your success.

Saving Documents

It is important to save documents that may still have an importance in future. While some documents are obviously important, others are not known to be important until they are Needed.

Documents that should be save:

- **All tax records**. Every time you file your taxes, you should keep a copy of what was filed along with any receipts or documents that were used in order to file your taxes.
 - ❖ Examples: W-2 (from all employers), any receipts for anything purchased which was claimed on your taxes (ex: supplies or books), tax forms sent by educational institutions, etc.
- **Title Documents**: When purchasing property you will be given title to that property. It is always important to keep these documents in a safe place, since that is your proof to owning a particular property.
 - ❖ Examples of Title: Automobile, Home, etc.
- **Mortgage Documents**: All documents received when purchasing a home or refinancing should always be kept. These documents contain important information regarding your

loan terms and what you agreed to.

Rental/Lease Agreements: All lease agreements should be kept in order to maintain proof of one's ability to maintain possession, to see when one party has breached agreement, or to ensure your actions are not in breach of the agreement.

- ❖ Examples: Rental for a residence, Lease of an automobile, rental/lease of equipment, etc.

Any other documents you feel may be needed in the future should be kept, its better to be safe than sorry.

Storing Documents

Each category of documents should be stored in a certain place, within the main category there should be a sub-category distinguishing the documents contained within the main category.

Examples of how to store documents:

- All tax records should be kept in one box or file and within the box or file, the other documents should be separated for each year. For example, all 2007 tax information is in one folder or box perhaps labeled "2007 Taxes." Then, within that folder or box there will be one file labeled "filed taxes," for the tax forms actually filed, another labeled "W-2" for all W-2's, another labeled "receipts," for all receipts, etc.
- All title documents should be kept together in one folder or box and within the main folder or box labeled as "Title" you will have subfolders labeled "Car" or "Home."
- All mortgage documents should be kept together. If purchasing a home, you may want to keep your title with your mortgage documents if you choose to do so just make sure that it is kept in a folder or box, labeled, and you will know where to find the information when needed.
- All rental/lease agreements should be kept together and separated in a way that allows you to access the documents easily. In many circumstances, you should keep lease or rental agreements that have expired if a dispute may arise in the future. **Example:** If you feel you may have a dispute with the landlord or the landlord may have a claim against you in relationship to the conditions of the home.

LESSON NOTES:

MONTHLY SPENDING PLAN

FOR _____ THE MONTH OF _____

<i>CATEGORY</i>	<i>BUDGETED</i>	<i>SUBTOTAL</i>	<i>AMOUNT SPENT</i>
Savings			
Emergency:	_____		_____
Retirement:	_____		_____
College:	_____	_____	_____
Housing			
First Mortgage:	_____		_____
Second Mortgage:	_____		_____
Real Estate Taxes:	_____		_____
Homeowners Ins:	_____		_____
Home Repairs:	_____		_____
Replacement Furn:	_____		_____
Rent:	_____		_____
Other:	_____		_____

Utilities			
Electric:	_____		_____
Gas:	_____		_____
Water:	_____		_____
Phone:	_____		_____
Trash:	_____		_____
Cable:	_____		_____
Internet:	_____		_____

Food			
Grocery:	_____		_____
Restaurants:	_____		_____
Fast Food:	_____		_____

MONTHLY SPENDING PLAN

CATEGORY	BUDGETED	SUBTOTAL	AMOUNT SPENT
Transportation			
Car Payment 1	_____		_____
Car Payment 2	_____		_____
Gas and Oil Changes	_____		_____
License and Taxes	_____		_____
Car Replacement	_____		_____

Clothing			
Children	_____		_____
Adults	_____		_____
Cleaning/Laundry	_____		_____

Medical/Health			
Disability Insurance	_____		_____
Health Insurance	_____		_____
Doctor Bills	_____		_____
Dentist	_____		_____
Optometrist	_____		_____
Medication	_____		_____
Other _____	_____		_____

Personal			
Life Insurance	_____		_____
Child Care	_____		_____
Baby-sitter	_____		_____
Toiletries	_____		_____
Cosmetics	_____		_____
Hair Care	_____		_____
Education/Adult	_____		_____
School Tuition	_____		_____
School Supplies	_____		_____
Child Support	_____		_____
Alimony	_____		_____
Subscriptions	_____		_____
Gifts	_____		_____