The "Balanced Money Formula" Spending Plan Spreadsheet

For information on the "Balanced Money Formula," see: http://www.mdmproofing.com/iym/BMF.shtml

The BMF Spending Plan spreadsheet is a five-worksheet Excel spreadsheet based upon the "Balanced Money Formula" as covered in the 2005 book *All Your Worth.* (ISBN: 0-7432-6987-X) It is also loosely based upon my own Spending Plan spreadsheet (found at my Excel page: http://www.mdmproofing.com/iym/excel.shtml).

Rather than group expenses into categories like "Recurring Outflows" and "Other Outflows" when budgeting and tracking them, the BMF Spending Plan groups expenses into "Must-Haves," "Wants," and "Savings." The spreadsheet makes its calculations based upon net (after-tax) income. This allows the user to determine how well her family's expenses are adhering to the guidelines summarized on my BMF page above and detailed in *All Your Worth.*

The spreadsheet may be used as a budget / spending plan throughout the month, with income, expenses, and savings entered as they occur. It may also be used at the end of the month, with all income, expenses, and savings entered at once, allowing you to see how your household performed in regard to the Balanced Money Formula. *(In this case, you will need to enter the final incomes received, and all amounts spent, in both their respective Planned Amount columns and their first (#1) Spent Amount cells. Basically, the Planned and Spent totals for all categories should match exactly.)*

Throughout the spreadsheet, user data entry should be confined to the white-and-blue-lined portions of each workbook. The numbers currently in the spreadsheet are for example purposes only, and are intended to be deleted and overwritten.

1. ENTERING DATA: The 'Income & Taxes' Worksheet

"GROSS INCOME" TABLE: Here you will enter all of your gross (pre-tax) income for the month. The "Category" column might contain entries like "Jim's Paycheck," "Mary's Bonus," "Birthday Gift Money," "Insurance Refund," and so on. Because each of these things can occur more than once per month, each category of income has five columns for separating entries.

In the column for "Planned Total," enter the amount you expect to receive, in total, for each Category of income by the end of the month. *It is very important that, as the month goes on, you update the "Planned Total" number to reflect the amounts you can best estimate will be correct at month's end. In other words, once you reach month-end, the "Planned Totals" should match the "Current Total" exactly.*

"TAXES PAID" TABLE: Here you'll enter all the tax amounts withheld from your household's paychecks. (Or the amounts you withhold yourself – hopefully! – if you're self-employed.) Again, since these categories tend to arise more than once per month, there are five columns to allow for multiple entries as the month progresses. Estimate these items as best you can in the "Planned Total" column. *Be sure to update the "Planned Total" numbers to reflect all realized and estimated amounts as time passes. Once you reach month-end, the "Planned Totals" should match the "Current Total" exactly.*

"NET INCOME" TABLE: There is no user data entry here. Both numbers are calculated by the spreadsheet. Here, "Planned Total" shows your "Planned Total" of Gross Income minus your "Planned Total" of all Taxes. The table's "Current Total" shows your "Current Total" of Gross Income minus your "Current Total" of all Taxes.

At the end of the month, or as soon you've realized the last items of income and tax for the month, these two numbers *should be exactly the same.* This will only happen if you update all your "Planned Totals" over time as instructed.

2. __ENTERING DATA: The 'Must-Haves' Worksheet__

Your Must-Have expenses are listed in much the same way as we listed your family's gross income and taxes for the month. The "Description" column contains a description of each expense item. As an example, you might label your car insurance bill as "Car Insurance" or "Allstate." Other common Must-Have expenses might include "Groceries," "Auto Fuel," "Mortgage Payment," and so on.

Again, the "Planned Total" column should reflect your best estimate of the total month-end amount for each expense. The five columns for "Spent Amounts" will contain the amounts which you actually spend on each item during that month. We have five columns for the amounts because, for example, most people do not shop for groceries just once per month. If you run out of space for "Spent Amounts," just combine the amounts from a few cells into one, thus creating the needed blank cells. You could, of course, require less than five cells for many expenses – say, your mortgage payment. Usually that's a once-per-month thing. But the space is there, for every item, if you need it. If you purchase groceries five times per month, heck, let the spreadsheet do the math!

It is very important that as time passes (you're paying bills and making purchases during the month) you update your "Planned Totals" to reflect your best month-end estimate. At the end of the month, your "Planned Amounts" and your "Spent Amount" Totals should match exactly.

The statistics in the orange box at the top of the page are defined as follows:

Goal %:   The target for Must-Have spending as defined in *All Your Worth*; i.e. 50% of net income.
Planned %:   **%** of Planned Net Income your Must-Haves will be if you spend your Planned total.
Current %:   % of Current Net Income your Must-Haves are as computed with total Current Spent amounts.

Goal $:   Your target spending amount for Must-Haves this month. (Computed w/Planned Net Income.)
Planned $:   The total of your Planned Amounts for the month.
Current $:   The total of your Spent Amounts for the month (so far).

DFG (on Planned $ row):   Difference between your Planned Must-Haves and target Must-Haves.
DFG (on Current $ row):   Difference between your Spent Must-Haves and target Must-Haves.

3. **ENTERING DATA: The 'Wants' Worksheet**

Basically the same functionality as the Must-Haves Worksheet. The same rules apply! By the end of the month, your Planned Amounts and Spent Amount totals must match.

The statistics in the blue box at the top of the page are defined as follows:

Goal %:   The target for Wants spending as defined in *All Your Worth*; i.e. 30% of net income.
Planned %:   **%** of Planned Net Income your Wants will be if you spend your Planned total.
Current %:   % of Current Net Income your Wants are as computed with total Current Spent
                    amounts.

Goal $:   Your target spending amount for Wants this month. (Computed w/Planned Net Income.)
Planned $:   The total of your 'Wants' Planned Amounts for the month.
Current $:   The total of your 'Wants' Spent Amounts for the month (so far).

DFG (on Planned $ row):   Difference between your Planned Wants and target Wants.
DFG (on Current $ row):   Difference between your Spent Wants and target Wants.

4. **ENTERING DATA: The 'Savings' Worksheet**

The 'Savings' worksheet operates just like the previous two. *By the end of the month, your Planned Amounts and Spent Amount totals must match.* How you categorize your Savings dollars is up to you!

The statistics in the green box at the top of the page are defined as follows:

Goal %:   The target for Savings as defined in *All Your Worth*; i.e. 20% of net income.
Planned %:   **%** of Planned Net Income your Savings will be if you spend your Planned total.
Current %:   % of Current Net Income your Savings are as computed with total Current Spent
                    amounts.

Goal $:   Your target spending amount for Savings this month. (Computed w/Planned Net Income.)
Planned $:   The total of your 'Savings' Planned Amounts for the month.
Current $:   The total of your 'Savings' Spent Amounts for the month (so far).

DFG (on Planned $ row):   Difference between your Planned Savings and target Savings.
DFG (on Current $ row):   Difference between your Spent Savings and target Savings.

5. **TRACKING DATA: The 'Summary & Graphs' Worksheet**

The first chart at the top left of the page is a graphic representation of the Target spending allocations as recommended in *All Your Worth*. You probably know them by heart now: 50 / 30 / 20.

The second chart uses your total Planned Amounts from Must-Haves, Wants, and Savings and shows you their ratios as compared to your Planned net income. If there is an amount labeled as "Undetermined," it represents any net income which you have not yet attributed to one of the three *All Your Worth* categories. *If your total Planned Amounts exceed your monthly Planned net income, it will royally screw up the chart, making it useless.* You know what that means, right? Don't spend more than your Planned net income! Or if you do, reduce something on your Savings worksheet to bring the equation into a zeroed-out balance.

The numbers in the beige box at the top of the page are defined as follows:

Total Planned Net Income:	Self-explanatory.
Total Planned Allocations (MH, W, & S):	Your total Planned Must-Haves, Wants, and Savings.
Total Current Expenses (MH & W):	Your Total Current spent Must-Haves and Wants.
Total Current Allocations (MH, W, & S):	Your Total Current Must-Haves, Wants, and Savings.

Net Income (minus) Planned Allocations: Self-explanatory. If this is a negative number, you're overspending / overshooting your net income. If it's a positive number, you have some unallocated money to build into your Planned Amounts somewhere. The earlier you are in the month, the more important this number is.

Net Income (minus) Current Expenses: Self-explanatory. If this is a negative number, you've already overspent / overshot your net income. If it's a positive number, *and you're very near month-end*, then allocate this money somewhere. The closer you are to month-end (and finalizing your income and expenses), the more important this number is.