

Quick Budget



Net income (take-home pay) for one month: _____

Food and non-food groceries:

Utilities and gasoline:

Rent or mortgage payment (include principal, interest, taxes and insurance or PITI):

Total monthly loan payments (exclude mortgage; include credit cards):

Total monthly insurance payments (exclude health insurance deducted from paycheck; include life, auto, disability):

Internet/cable/cell phone:

Daycare/other major monthly expense:

Total expenses for one month: _____

Subtract expenses from income: _____

Analyzing Quickie Budget

Divide “total expenses for one month” by your “net income (take-home pay) for one month”

$$\frac{\text{Total expenses}}{\text{net income}} = \text{\% income for fixed expenses}$$

This is the percentage of your available income needed to cover fixed expenses. Do you have enough remaining income to cover discretionary spending for things like auto and home maintenance, clothing, entertainment and gifts?

Divide monthly mortgage or rent payment by your gross income (income before deductions) for one month:

$$\frac{\text{Mortgage or rent}}{\text{Gross income}} = \text{\% income for housing expense}$$

This is the percentage of your available income needed to cover basic housing expenses. It should not exceed 33 percent.

Add your “total monthly loan payments” to your monthly mortgage or rent payment. Take this total amount and divide by your gross income for one month.

$$\frac{\text{Monthly loan pmts.}}{\text{Mortgage/rent}} + \text{Total payments} = \text{\% income for housing expense}$$

$$\frac{\text{Total payments}}{\text{Gross income}} = \text{Debt to income ratio}$$

This tells you your total debt to income ratio. It should not be greater than 40 percent.