



Taking Control of Your Finances: A Plan to Reduce Debt and Build Savings

Worksheet 1: Personal Balance Sheet

Liquid Assets	Balance	Liabilities	Interest Rate	Balance	Monthly Payment
Bank accounts		Credit cards			
Investment accounts					
Other		Auto loans			
		School loans			
		Other loans			
TOTAL LIQUID ASSETS					
Upcoming purchases					
		Mortgage			
		Other			
ASSETS LESS PURCHASES					
Subtract 3 months' living expenses					
NET ASSETS:		TOTAL DEBT:			

*Excluding IRAs and employer-sponsored retirement accounts.

Worksheet 2: Is Your Debt Level Too High?

Tally your total monthly payments for all your debts, excluding your rent or mortgage payments. Divide that figure by your monthly after-tax income and multiply by 100 to get the percentage of your income that goes to paying your debts each month.

Calculate Your Debt-to-Income Ratio

$$\frac{\text{total monthly debt payments}}{\text{monthly after-tax income}} \times 100 = \text{debt-to-income ratio} \%$$

If your debt-to-income ratio is

Less than 15: You may be managing your credit well.

Between 15 and 20: You may be on the borderline.

Greater than 20: You could be in over your head.

Are You Overextended?

How many of these scenarios apply to you?

- You don't know, and don't want to know, how much you owe.
- You borrow for things you once paid for in cash.
- You have to juggle other bills just to pay the minimum charges on your credit cards each month.
- Each monthly credit balance is higher than the last.
- You pay bills using money intended for other needs.
- Creditors are sending overdue notices.
- Your savings or emergency funds are not enough to cover three months of living expenses.

If you checked off even one scenario, you may be overextended, or on the borderline of getting there.

Worksheet 3: Monthly Spending

To help get a clear picture of where you are spending most of your income, list all your monthly expenditures here. Use the categories given as a guideline, but feel free to add your own where needed. Tally up your total monthly outlay and compare it with your monthly income.

Category	Includes	Total Cost
FIXED EXPENSES		
Debt	credit card, other payments	
Savings		
Mortgage or rent		
Insurance	auto, health, other	
Other fixed expenses		
Total fixed expenses		
VARIABLE EXPENSES		
Groceries	from supermarket or in bulk	
Snacks/fast food	coffee, soda, lunch	
Heat		
Electricity		
Cable TV/Internet		
Phone/cell		
Child care		
Medical care		
Newspaper/magazines	subscriptions	
Home repair	plumbing, electrical, etc.	
Clothing		
Household necessities	cleaning products, etc.	
Tickets	movies, theatre, etc.	
Purchases	CDs, records, etc.	
Dining out		
Personal vehicle	maintenance, repairs, gas	
Transportation	subway, bus fares, taxi fares	
Gifts, contributions		
Travel/vacation		
Hobbies	dues for organizations	
Other variable expenses		
Total variable expenses		

TOTAL _____

Monthly Income (after taxes) _____

Worksheet 4: Monthly Budget

Category	Includes	Total Cost
FIXED EXPENSES		
Debt	credit card, other payments	
Savings		
Mortgage or rent		
Insurance	auto, health, other	
Other fixed expenses		
Total fixed expenses		
VARIABLE EXPENSES		
Groceries	from supermarket or in bulk	
Snacks/fast food	coffee, soda, lunch	
Heat		
Electricity		
Cable TV/Internet		
Phone/cell		
Child care		
Medical care		
Newspaper/magazines	subscriptions	
Home repair	plumbing, electrical, etc.	
Clothing		
Household necessities	cleaning products, etc.	
Tickets	movies, theatre, etc.	
Purchases	CDs, records, etc.	
Dining out		
Personal vehicle	maintenance, repairs, gas	
Transportation	subway, bus fares, taxi fares	
Gifts, contributions		
Travel/vacation		
Hobbies	dues for organizations	
Other variable expenses		
Total variable expenses		

TOTAL _____

Monthly Income (after taxes) _____

Worksheet 5: 12-Month Spending Plan

Using the information about your spending from the previous worksheets, create a blueprint for a yearly budget. Comparisons of planned and actual savings will help you monitor your progress. Keep in mind that you may need to make slight adjustments to your plan.

	January	February	March	April	May	June
Income						
Salary						
Bonus/commissions						
Interest/dividends						
Rents/royalties						
Other						
Other						
Total income						
Planned expenses						
Planned savings						
Actual expenses						
Actual savings						

	July	August	Sept.	October	Nov.	Dec.
Income						
Salary						
Bonus/commissions						
Interest/dividends						
Rents/royalties						
Other						
Other						
Total income						
Planned expenses						
Planned savings						
Actual expenses						
Actual savings						

Worksheet 6: How Long Will It Take to Pay Off Your Debt?

Using one worksheet for each debt you carry, calculate how long it will take to pay off each balance. Remember that the longer it takes to pay off your debt, the more it costs you in interest.

Debt Repayment Worksheet

	Debt Actual	Debt Budgeted	Example
How much do you pay each month?	A	A	\$50
What is your current balance?	B	B	\$2,000
Divide monthly payments, A, by current balance, B.	C	C	$\$50 \div \$2,000 = .025$
What is your annual percentage rate (APR)?	D	D	10%
In the table below, find where your answer to C would fall in the row corresponding to your APR. Match to number of years.	E	E	4 years

Years to Repay*

Annual Percentage Rate	1	2	3	4	5	6	7	8	9	10
8%	.0864	.0449	.0311	.0243	.0201	.0174	.0155	.0140	.0129	.0121
9%	.0868	.0453	.0316	.0247	.0206	.0179	.0160	.0145	.0134	.0126
10%	.0872	.0458	.0320	.0252	.0211	.0184	.0165	.0150	.0140	.0131
11%	.0876	.0462	.0324	.0256	.0211	.0189	.0170	.0156	.0145	.0136
12%	.0880	.0466	.0329	.0261	.0220	.0194	.0175	.0161	.0150	.0142
13%	.0884	.0470	.0333	.0265	.0225	.0199	.0180	.0166	.0156	.0148
14%	.0888	.0475	.0338	.0270	.0230	.0204	.0185	.0172	.0161	.0153
15%	.0891	.0479	.0342	.0275	.0235	.0209	.0191	.0177	.0167	.0159
16%	.0895	.0483	.0347	.0280	.0240	.0214	.0196	.0183	.0173	.0165
17%	.0899	.0488	.0352	.0285	.0245	.0219	.0202	.0189	.0179	.0171
18%	.0903	.0492	.0356	.0289	.0250	.0225	.0207	.0194	.0185	.0178
19%	.0907	.0496	.0361	.0294	.0255	.0230	.0213	.0200	.0191	.0184
20%	.0911	.0501	.0366	.0299	.0261	.0236	.0218	.0206	.0197	.0190
21%	.0915	.0505	.0370	.0304	.0266	.0241	.0224	.0212	.0203	.0196
22%	.0919	.0509	.0375	.0309	.0271	.0247	.0230	.0218	.0209	.0203

*Assumes an annual rate compounded monthly and made payments at the beginning of each month.

This material was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. The advisor is providing educational services only and is not able to provide participants with investment advice specific to their particular needs. If you are seeking investment advice specific to your needs, such advice services must be obtained on your own separate from this educational material.

Securities and Advisory services offered through LPL Financial, a Registered Investment Advisor.

Member FINRA/SIPC.

Tracking #745862
RP-07878-0313