

# Finding the cash in your budget

The importance of **saving for the future**

**When was the last time you balanced your budget? What do you own? What do you owe? This worksheet will help you review your financial situation and record your monthly and annual income and expenses. You'll know where you are financially, and you could potentially find a little more cash to invest.**

## 1. Figure your monthly income (A)

Salary/wages from employment ( <i>Note: This number is your net, or take-home, pay</i> )	\$ _____
Social Security benefits ( <i>Go to <a href="http://www.ssa.gov/planners/calculators.htm">http://www.ssa.gov/planners/calculators.htm</a> to get a general idea of what you can expect in monthly benefits</i> )	\$ _____
Pension benefit	\$ _____
IRA income (distribution)	\$ _____
Veteran's pension	\$ _____
Annuity income	\$ _____
Alimony	\$ _____
Rental property income	\$ _____
Investment income	\$ _____
Inheritance/trust	\$ _____
Other	\$ _____

**Total monthly income (A):** \$ \_\_\_\_\_

## 2. Figure your annual income (B)

Total monthly income (A) x 12 months	\$ _____
Interest from checking accounts	\$ _____
Stock dividends	\$ _____
Capital gains	\$ _____
Bond interest	\$ _____
Mutual fund dividends	\$ _____
Other	\$ _____

**Total annual income (B):** \$ \_\_\_\_\_

### 3. Track your monthly expenses (C)

#### Housing

Rent or mortgage \$ \_\_\_\_\_  
Maintenance or condo fee \$ \_\_\_\_\_  
Lawn, gardening service \$ \_\_\_\_\_  
Cleaning \$ \_\_\_\_\_

#### Utilities

Electric \$ \_\_\_\_\_  
Gas and oil \$ \_\_\_\_\_  
Telephone \$ \_\_\_\_\_  
Internet connection \$ \_\_\_\_\_  
Water/sewer \$ \_\_\_\_\_  
Garbage \$ \_\_\_\_\_  
Cable TV \$ \_\_\_\_\_  
Cell phone \$ \_\_\_\_\_

#### Food, transportation

Groceries (average) \$ \_\_\_\_\_  
Restaurants snacks (coffee, soda, etc.) \$ \_\_\_\_\_  
Car payment or lease \$ \_\_\_\_\_  
Gas \$ \_\_\_\_\_  
Subway, bus or train \$ \_\_\_\_\_

#### Medical

Health insurance \$ \_\_\_\_\_  
Doctor and dental visits \$ \_\_\_\_\_  
Prescriptions/medications \$ \_\_\_\_\_  
Chiropractor \$ \_\_\_\_\_  
Eye doctor/vision wear \$ \_\_\_\_\_

#### Clothing, grooming

Purchases \$ \_\_\_\_\_  
Dry cleaning \$ \_\_\_\_\_  
Shoe repair \$ \_\_\_\_\_  
Hair care \$ \_\_\_\_\_

#### Entertainment

Movies \$ \_\_\_\_\_  
Video or DVD rentals \$ \_\_\_\_\_  
Health/fitness club \$ \_\_\_\_\_  
Sports—self or children \$ \_\_\_\_\_  
Theater, concerts \$ \_\_\_\_\_  
Exercise classes \$ \_\_\_\_\_  
Parties \$ \_\_\_\_\_

#### Other

Fees for bank, other accounts \$ \_\_\_\_\_  
Contribution to retirement savings \$ \_\_\_\_\_  
Contribution to other savings \$ \_\_\_\_\_  
Payments on credit card debt \$ \_\_\_\_\_  
Payments of other debt \$ \_\_\_\_\_  
Any self-employment business expenses \$ \_\_\_\_\_  
Gifts/presents \$ \_\_\_\_\_

**Total monthly expenses (C):** \$ \_\_\_\_\_

#### 4. Figure your annual expenses (D)

Total monthly expenses (C) \$ \_\_\_\_\_  
x 12 months

Medical care/services \$ \_\_\_\_\_

##### Insurance

Auto \$ \_\_\_\_\_

Disability \$ \_\_\_\_\_

Homeowners or tenant \$ \_\_\_\_\_

Life \$ \_\_\_\_\_

Long-term care \$ \_\_\_\_\_

Other \$ \_\_\_\_\_

##### Taxes

Federal \$ \_\_\_\_\_

State \$ \_\_\_\_\_

Local/property \$ \_\_\_\_\_

##### Other

Home maintenance \$ \_\_\_\_\_

Vacations \$ \_\_\_\_\_

Education \$ \_\_\_\_\_

Hobbies \$ \_\_\_\_\_

Books and magazines \$ \_\_\_\_\_

Other expenses \$ \_\_\_\_\_

**Total annual expenses (D):** \$ \_\_\_\_\_

##### Your annual cash flow summary

Total **annual income** (B) \$ \_\_\_\_\_

Minus

Total **annual expenses** (D) \$ \_\_\_\_\_

Equals

A **surplus** or **shortfall** of \$ \_\_\_\_\_

#### Reinventing your budget

Sure, it may seem tough finding the money to save for retirement. It's hard to save for retirement and make it a priority. You could have childcare expenses, or you may be trying to save for college tuition. Maybe you're planning for a major purchase, such as a car or new home. Possibly you're supporting an aging parent. Does it seem like too many things are competing for your paycheck? The fact is, people at all income levels find themselves struggling just to make ends meet.

#### Budgeting for a better retirement

Keeping tabs on your spending is only the first step. What you do with your findings is critical in establishing the habit of saving money. The table below shows how making just a few small sacrifices can add up to a better retirement deal.

##### Small sacrifices

Give up	How often	Monthly expenses	Value if invested 25 years
Coffee and bagel	Twice a week	\$20	\$19,147
Lunch out	Twice a week	\$50	\$47,868
Dinner out	Once a week	\$100	\$95,737
Movie ticket	Once a month	\$10	\$9,574
Video rental	Once a month	\$6	\$5,754
Vending soda	Once a day	\$12	\$11,488

FOR ILLUSTRATIVE PURPOSES ONLY. This illustration assumes an investment in a tax-deferred retirement account in which you hypothetically earn an average annual rate of return equivalent to 8%, compounded monthly. This is a what-if scenario and is not based on (or predicting the performance of) any specific investment or savings strategy. In the real world, most investments will move up and down with the market over time, producing higher or lower actual returns for you. Your returns are not guaranteed.

## Track the cash

When you look a little closer, however, chances are you'll find money that you may be spending thoughtlessly or that could be better used to save for your retirement. One of the best tools to help you find these savings opportunities is a spending journal. It can help you track where all your dollars are disappearing. A video rental or lunch out might not seem to cost all that much, but the expense adds up over time. Try keeping a spending journal for several weeks and evaluate your spending habits.

### From the desk of Amanda and Jake\*

Here are some excerpts from a sample spending journal.

Savings opportunities = ✓

<b>Sunday</b>	Groceries (Forgot coupons and went in without a grocery list!)	\$63.00
	Toy action figure for Tommy while grocery shopping	\$6.00 ✓
	Pizza delivered for Sunday Pro Football (Remember to buy a frozen pizza next time!)	\$40.00
	Ice cream outing for the family for letting me watch football	\$10.00 ✓
<b>Monday</b>	Coffee and bagel on the way to work	\$4.00 ✓
	Lunch—hot sandwich and soda at restaurant (Must start brown-bagging it!)	\$6.00 ✓
	Filled gas tank (I should look into carpool or bus!)	\$50.00
<b>Tuesday</b>	Bought new music online	\$15.95
	New jeans (Should buy on sale!)	\$75.00
	"Breakfast" at the vending machines	\$2.00 ✓
<b>Easy savings opportunities in three days</b>		<b>\$28.00 ✓</b>

\* For illustrative purposes only. Not representative of an actual client.

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