

Get Rich on Purpose®

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Zero-Based Budget Instructions

The purpose of the Zero-Based Budget strategy is to separate expenses that you must pay in order to exist versus expenses that are not required. The 'Zero' of Zero-Based Budget refers to NO allocation of money to non-essential spending. This is not your new budget but rather the starting point for building a new budget. The money left over (called your surplus) will now be re-allocated (new budget) to savings and discretionary expenses. Your goal is to make certain that discretionary funds are used for savings/investing goals first (10% of gross income = minimum target) and discretionary spending second without 'overspending' and creating any new debt. This is a two-part exercise:

Part I

Step 1. Create a historical budget showing what you have spent in each category for the past year. You will need to review checking account statements and credit card statements. Most credit card companies provide a year-end review with all charges summarized which will make it easier for you. Input these expenses into the first two columns.

Step 2. Using the first two columns as a guide, create a Zero-Based Budget. For this exercise NOTHING goes in the Zero-Based Budget columns except expenses that you absolutely MUST pay. Examples include rent or mortgage payment, utilities and *basic* food costs. Examples of items to exclude would include TV cable, eating out and non-essential clothing purchases.

Step 3. Now, when you subtract your Zero-Based Budget totals from your total income, the result is your 'surplus'. You'll use your non-discretionary expense numbers plus your surplus to build a new budget that allows you to begin saving while avoiding incurring any new debt.

Part II

To create a working budget going forward, go to www.mint.com. Mint.com is a free website that will organize and keep track of your expenses. Our budget categories are coordinated with the Mint.com budget categories. To set-up Mint.com, go to the website and click on "FREE-Get Started Here."

Once your account is established you must enter your "log-in" information for each checking and credit card account. Mint.com is able to download your expenses by accessing your transactions through your log-in. This will allow you to see all your balances and transactions together, on the web or your phone. Mint.com automatically pulls all your financial information into one place, so you can finally get the entire picture.

Mint.com will provide you with a detail of your expenses by each category and you can view it in graph format. This is an easy way to track your expenses and stay on course for your budget and for financial freedom!

Zero-Based Budget

INCOME	Monthly	Annual	Zero Based Monthly	Zero Based Annual
Wages				
Bonus				
Interest Income				
Investment Income				
Miscellaneous Income				
Total				
EXPENSES	Monthly	Annual	Zero Based Monthly	Zero Based Annual
HOME				
Mortgage				
Homeowner's Insurance				
Property Taxes				
Home Repairs/Improvements				
Home Association Dues				
Lawn and Garden				
BILLS & UTILITIES				
Electricity				
Water and Sewer				
Natural Gas				
Home Telephone				
Mobile Phone				
Television (Cable/Satellite)				
FOOD & DINING				
Groceries				
Eating Out				
FAMILY OBLIGATIONS				
Child Support				
Alimony				
Day Care				
Babysitting				
HEALTH AND FITNESS				
Insurance (medical/dental/vision)				
Copays/Deductibles				
Fitness Dues (Gym)				
AUTO & TRANSPORT				
Auto Payments				
Gas & Fuel				
Service and Parts				
Parking				
Public Transportation				
Auto Insurance				
DEBT PAYMENTS				
Credit Cards				
Student Loans				
Other Loans				
Other				
ENTERTAINMENT				
Hobbies (Golf dues/tennis/etc)				

Subscriptions and Dues				
Vacations				
Other				
SHOPPING				
Department Store Clothing/Shoes				
Household Furnshings				
Household Products				
Electronics / Software				
PERSONAL CARE				
Hair				
Spa- Nails/Massage				
Other				
PETS				
Food				
Vet Bills				
Grooming				
Boarding				
FINANCIAL				
Life Insurance Payments				
ATM/Service Fees				
Emergency Reserves Savings				
401k or IRA				
Non-retirement Acct Savings				
College Fund Savings				
TAXES				
Federal Tax				
State Tax				
Local Tax				
GIFTS & DONATIONS				
Church Pledge				
Charitable Donations				
Giftng				
MISCELLANEOUS				
Total				
Surplus/Shortage				

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BONUS:

[As a special gift please go to www.getrichonpurpose.com](http://www.getrichonpurpose.com) and on the HOME page you can sign up to receive Stewart Welch's 10 Secrets to Achieving Financial Freedom. Stewart spent 20 years researching what successful self-made multi millionaire do and he discovered they all have a handful of the same characteristics. Find out what they are by signing up for his 10 Secrets.

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