

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 http://www.ssa.gov/planners/calculators.htm 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 = ✓

Sunday	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 ✓
Monday	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
Tuesday	Bought new music online	\$15.95
	New jeans (Should buy on sale!)	\$75.00
	"Breakfast" at the vending machines	\$2.00 ✓
Easy savings opportunities in three days		\$28.00 ✓

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

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