







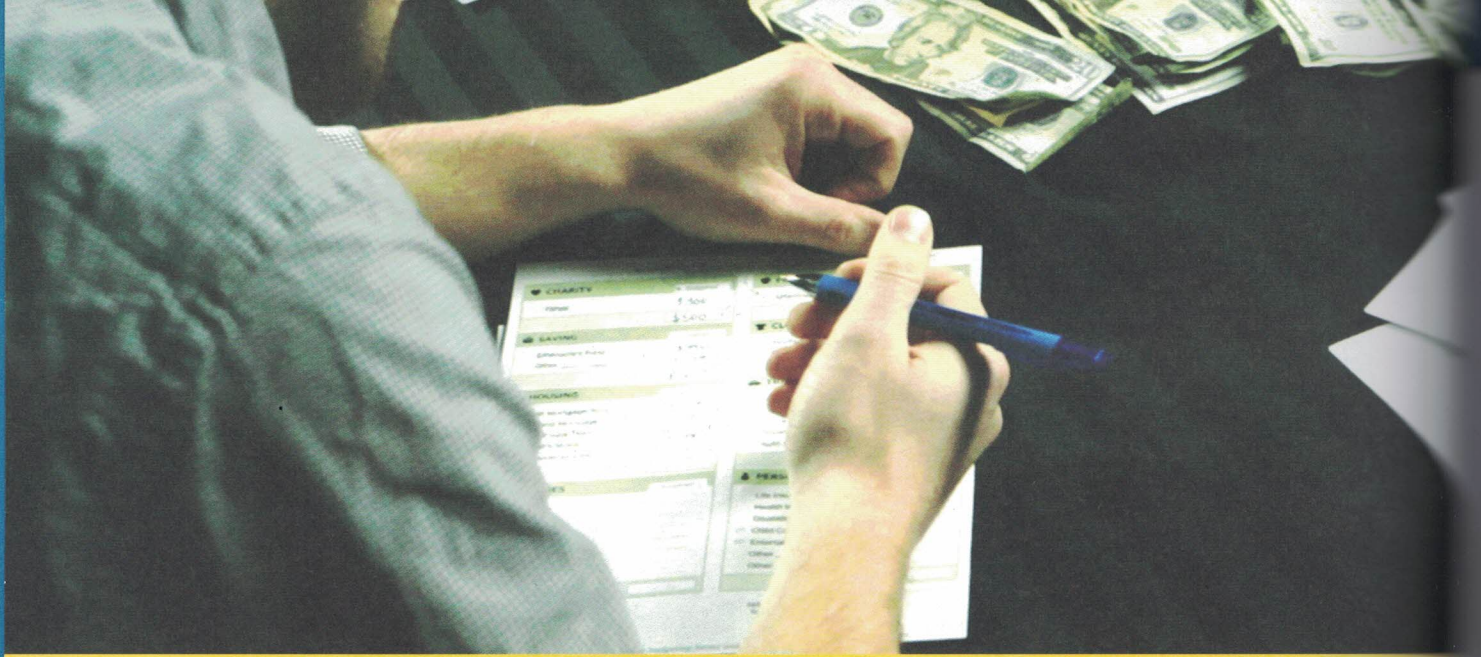
# CASH FLOW PLANNING

## THE NUTS AND BOLTS OF BUDGETING

Oh no! The dreaded B-word: budget! Many people are scared to death of the very idea of a budget. It drums up images of living on bread and water and a dull, dreary, no-frills way of life. That's not what we're talking about!

The truth is, the budget is your key to success! Like Dave says, money makes a fantastic servant, but it is a horrible master. And if you don't tell your money where to go and what to do, it will definitely master you the rest of your life. In *Cash Flow Planning*, you'll learn how to make your money work for you and how to put together a household budget that really works!





“

*You will either learn to manage money or the lack of it will always manage you.*

—DAVE RAMSEY



*Be diligent to know the state of your flocks, and attend to your herds.*

—PROVERBS 27:23

*If you need help figuring out how to balance your account, check out our tutorial in the online resources at FPU Central.*

## Budgeting Basics

Money is \_\_\_\_\_.

You must do a written \_\_\_\_\_ plan every month.

*For which of you, intending to build a tower, does not sit down first and count the cost, whether he has enough to finish it—lest . . . all who see it begin to mock him, saying, “This man began to build and was not able to finish”?*

—LUKE 14:28-30

You have to \_\_\_\_\_ your bank account.

Overdrafts are a sign of \_\_\_\_\_ and sloppy, lazy money habits.



If not managed and made to behave, the \_\_\_\_\_ card and the \_\_\_\_\_ card are certain to become budget busters.

The most popular method of banking by far is \_\_\_\_\_ banking.

## Reasons We DON'T Do a Cash Flow Plan

### MOST PEOPLE HATE THE WORD "BUDGET" FOR FOUR REASONS:

- It has a \_\_\_\_\_ and \_\_\_\_\_ connotation.
- It has been used to \_\_\_\_\_ them.
- They never had a budget that really \_\_\_\_\_.
- Paralysis from \_\_\_\_\_ of what they'll find.

### CASH FLOW PLANS DO NOT WORK IF YOU:

- \_\_\_\_\_ things \_\_\_\_\_.
- \_\_\_\_\_ your plan.
- Don't actually \_\_\_\_\_ one.
- Don't actually \_\_\_\_\_ on it.

Automatic overdraft loans netted banks more than \$29.5 billion last year.

—Time

“

*A budget is simply telling your money where to go instead of wondering where it went.*

—JOHN MAXWELL

*If you aim at nothing, you'll hit it every time.*

—ZIG ZIGLAR

*Your budget won't be perfect the first month or two. That's okay. That's why we included an eraser in your membership kit! Don't worry; things will start to smooth out by the third month.*



If you're struggling to maintain the Four Walls, check out the free *Credit Sharks in Suits* lesson online to learn how to get some traction with your budget.



[daveramsey.com/fpu/sharks](http://daveramsey.com/fpu/sharks)



*The plans of the diligent lead surely to plenty, but those of everyone who is hasty, surely to poverty.*

—PROVERBS 21:5

## Reasons We SHOULD Do a Cash Flow Plan

A written plan removes the management by \_\_\_\_\_ from your finances.

### THE FOUR WALLS:

Build up the Four Walls that protect your family by prioritizing \_\_\_\_\_, shelter, basic \_\_\_\_\_, transportation and utilities.

*But if anyone does not provide for his own, and especially those of his household, he has denied the faith and is worse than an unbeliever.*

—1 TIMOTHY 5:8

Managed money feels like getting a \_\_\_\_\_.



## A WRITTEN PLAN, IF ACTUALLY LIVED AND AGREED ON ...

- Will remove many of the \_\_\_\_\_ from your marriage.
- Will remove much of the \_\_\_\_\_, shame and \_\_\_\_\_ that may now be a part of buying necessities such as food or clothing.
- Will show if you are \_\_\_\_\_ on a certain area.
- Will give you a sense of \_\_\_\_\_ and \_\_\_\_\_ over money that you can't get any other way.

The easiest and most powerful plan is a \_\_\_\_\_-based plan using the \_\_\_\_\_ system.

### BUDGET FORMS

Use the examples on the following pages as a guide. Dave covers these forms in the video lessons, but there are several other forms available to help you master your money. You can find all the forms, our in-depth budget tutorials, and free budgeting tools in FPU Central. Ready to bring your budget forms to life? Create your free budget at [EveryDollar.com](http://EveryDollar.com).



"Zero-based" does not mean your bank account should hit zero! Keep a pad or buffer of around \$100 in your account to catch any little budget missteps.



# Monthly Cash Flow Plan

Cash flows in and out each month. Make sure you tell it where to go!

Monthly Take-Home Pay

Add up budgeted column  
& enter here

These icons represent good options for cash envelopes

♥ CHARITY	Spent	Budgeted
Tithes		410
Charity & Offerings		
		*10-15% <input type="text" value="410"/>

🍏 FOOD	Spent	Budgeted
📧 Groceries		600
📧 Restaurants		50
		*5-15% <input type="text" value="650"/>

🏠 SAVING	Spent	Budgeted
Emergency Fund		
Retirement Fund		
College Fund		
		*10-15% <input type="text" value="TOTAL"/>

👕 CLOTHING	Spent	Budgeted
📧 Adults		75
📧 Children		75
📧 Cleaning/Laundry		
		*2-7% <input type="text" value="150"/>

🏠 HOUSING	Spent	Budgeted
First Mortgage/Rent		945
Second Mortgage		
Real Estate Taxes		
Repairs/Maint.		
Association Dues		
		*25-35% <input type="text" value="945"/>

🚗 TRANSPORTATION	Spent	Budgeted
Gas & Oil		200
📧 Repairs & Tires		
License & Taxes		
Car Replacement		
Other _____		
		*10-15% <input type="text" value="200"/>

⚙️ UTILITIES	Spent	Budgeted
Electricity		100
Gas		75
Water		55
Trash		
Phone/Mobile		124
Internet		40
Cable		
		*5-10% <input type="text" value="394"/>

🏥 MEDICAL/HEALTH	Spent	Budgeted
Medications		
Doctor Bills		50
Dentist		
Optometrist		
Vitamins		
Other _____		
Other _____		
		*5-10% <input type="text" value="50"/>

\*Dave's Recommended Percentages



## INSURANCE

	Spent	Budgeted
Life Insurance		38
Health Insurance		(work)
Homeowner/Renter		(escrow)
Auto Insurance		88
Disability Insurance		(work)
Identity Theft		12
Long-Term Care		NA
		<b>*10-25% 138</b>

## PERSONAL

	Spent	Budgeted
Child Care/Sitter		
Toiletries		
Cosmetics/Hair Care		60
Education/Tuition		
Books/Supplies		
Child Support		
Alimony		
Subscriptions		
Organization Dues		
Gifts (inc. Christmas)		
Replace Furniture		
Pocket Money (His)		30
Pocket Money (Hers)		30
Baby Supplies		
Pet Supplies		
Music/Technology		
Miscellaneous		
Other _____		
Other _____		
		<b>*5-10% 120</b>

## RECREATION

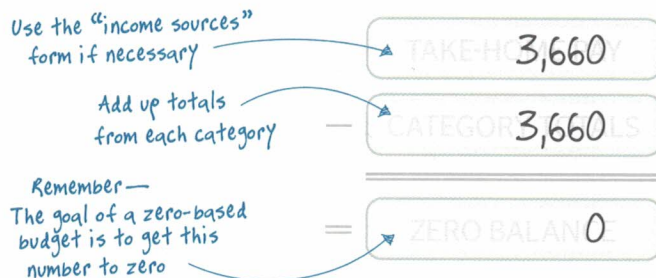
	Spent	Budgeted
Entertainment		50
Vacation		
		<b>*5-10% 50</b>

## DEBTS

	Spent	Budgeted
Car Payment 1		310
Car Payment 2		
Credit Card 1 <u>VISA</u>		150
Credit Card 2 <u>Home Depot</u>		45
Credit Card 3 _____		
Credit Card 4 _____		
Credit Card 5 _____		
Student Loan 1		
Student Loan 2		
Student Loan 3		
Student Loan 4		
Other <u>Hospital</u>		48
Other _____		
Other _____		
Other _____		
Other _____		

Your goal is 0% **\*5-10% 553**

Once you have completed filling out each category, subtract all category totals from your take-home pay.





# Allocated Spending Plan

Don't let this one scare you. Managing your money week to week happens here!

Pay Period Dates	7/1 TO 7/14	7/15 TO 7/29	TO	TO
Pay Period Income	3,188	472		

Income  
 - Tithes  
 = Remaining to budget this pay period

♥ CHARITY	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Tithes	410	2778						
Charity & Offerings								

"Remaining" minus "Budgeted." Back & forth.

🏠 SAVING	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Emergency Fund								
Retirement Fund								
College Fund								

🏠 HOUSING	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
First Mortgage/Rent	945	1833						
Second Mortgage								
Real Estate Taxes								
Repairs/Maint.								
Association Dues								
Other								

⚙️ UTILITIES	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Electricity	100	1733						
Gas			75	397				
Water			55	342				
Trash								
Phone/Mobile			124	218				
Internet	40	1693						
Cable								
Other								



Pay Period Dates

7/1 TO 7/14

7/15 TO 7/29

TO

TO

When "Remaining" equals zero, you're done budgeting for this pay period.

**FOOD**

	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Groceries	450	1243	150	68				
Restaurants	50	1193						

**CLOTHING**

	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Adults	75	1118						
Children	75	1043						
Cleaning/Laundry								

**TRANSPORTATION**

	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Gas and Oil	200	843						
Repairs and Tires								
License and Taxes								
Car Replacement								
Other _____								
Other _____								

**MEDICAL/HEALTH**

	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Medications								
Doctor Bills	50	793						
Dentist								
Optometrist								
Vitamins								
Other _____								
Other _____								
Other _____								
Other _____								



# Allocated Spending Plan

Don't let this one scare you. Managing your money week to week happens here!

Pay Period Dates

7/1 TO 7/14

7/15 TO 7/29

TO

TO

## INSURANCE

	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Life Insurance			38	30				
Health Insurance								
Homeowner/Renter								
Auto Insurance	88	705						
Disability Insurance								
Identity Theft	12	693						
Long-Term Care								

## PERSONAL

	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
✉ Child Care/Sitter								
✉ Toiletries								
✉ Cosmetics	60	633						
Education/Tuition								
Books/Supplies								
Child Support								
Alimony								
Subscriptions								
Org. Dues								
Gifts (inc. Christmas)								
✉ Replace Furniture								
✉ Pocket Money (His)			30	0				
✉ Pocket Money (Hers)	30	603						
Baby Supplies								
Pet Supplies								
Music/Technology								
Miscellaneous								
Other _____								
Other _____								



Pay Period Dates

7/1 TO 7/14

7/15 TO 7/29

TO

TO

**RECREATION**

	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Entertainment	50	553			2			
Vacation								

**DEBTS**

	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining	Budgeted	Remaining
Car Payment 1	310	243						
Car Payment 2								
Credit Card 1	150	93						
Credit Card 2	45	48						
Credit Card 3								
Credit Card 4								
Credit Card 5								
Student Loan 1								
Student Loan 2								
Student Loan 3								
Student Loan 4								
Other Hospital	48	0						
Other								
Other								
Other								
Other								
Other								
Other								
Other								
Other								
Other								
Other								
Other								
Other								
Other								
Other								







## ONLINE BUDGETING RESOURCES

Dave recommends using a paper budget for the first few months, which is why we've included paper budget forms in the back of this workbook. Don't forget to check out additional in-depth budget tutorials when you sign in to FPU Central at [daveramsey.com/fpucentral](http://daveramsey.com/fpucentral).



### GIVE YOUR BUDGET AN UPGRADE

If you're the point-and-click kind of Nerd, we have some great news! You can go from pen and paper to high tech with our FREE online budget tool, EveryDollar. Plan your

personalized budget before the month begins and keep track of it on the go. Access your EveryDollar budget at [EveryDollar.com](http://EveryDollar.com).

## ANSWER KEY

ACTIVE	LIVE
CASH FLOW	CRISIS
BALANCE	FOOD
CRISIS LIVING	CLOTHING
ATM	RAISE
DEBIT	MONEY FIGHTS
INTERNET	GUILT
BREAD	FEAR
WATER	OVERSPENDING
ABUSE	POWER
WORKED	CONTROL
FEAR	ZERO
LEAVE	ENVELOPE
OUT	
OVERCOMPLICATE	
DO	



## One-Minute Takeaway

What jumped out at you in this lesson? How can this affect your story?

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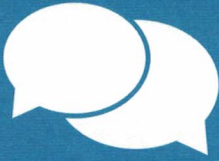
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## Small Group Discussion

True life-change happens when you open up and work through this material together. Break up into discussion groups of no more than 20 people to talk through the following questions. Be honest in your answers!

1

The key to true financial peace is to give every dollar a name by doing a fresh budget every single month. First, tell the group whether you're a Nerd or a Free Spirit. Then, share what you think about doing a zero-based budget every month from now on.

2

Dave stresses that you need to set aside a little "pocket money" to blow each month. Why is this important, and what kind of expenses would fall into this category?

3

Between cash, auto-drafts, debit cards and online transactions, we have a lot of different ways to spend money. How do all of these options impact your ability to actually "feel" money?

4

The envelope system is one of the best methods for learning how to feel money again. Using your Quick-Start Budget as a guide, discuss two or three areas for which you can try cash envelopes this month.





## Breakout Group Exercise

Break into smaller groups of 4-5 people to work through the following activity. Choose a leader to read through the exercise aloud and keep the group on task. Your coordinator will call the groups back together to report your findings.

### Case Study 1

Michael is a single college student who is in his third week of FPU, and he has not yet completed Baby Step 1. He has a monthly income of \$1,000, but this activity will only deal with the portion of their budget shown below.

#### EXERCISE

As you can see, when Michael filled out his Monthly Cash Flow Plan, he was \$100 under budget. In your breakout group, discuss what changes he could make and fill out the form on the right to get him to a zero balance.

Left to Budget:

SAVING	Spent	Budgeted
Emergency Fund		0

HOUSING	Spent	Budgeted
First Mortgage/Rent		500

UTILITIES	Spent	Budgeted
Electricity		50
Gas		75
Water		25
Internet		50

Left to Budget:

Total Budgeted:

Difference:

Left to Budget:

SAVING	Spent	Budgeted
Emergency Fund		

HOUSING	Spent	Budgeted
First Mortgage/Rent		

UTILITIES	Spent	Budgeted
Electricity		
Gas		
Water		
Internet		

Left to Budget:

Total Budgeted:

Difference:

You should end up at zero





## Case Study 2

James and Kim have been married for nine years, and during that time, they've never lived on a budget. They have just started *Financial Peace University*, and they're having a little trouble getting their first zero-based budget to balance.

Your task is to help them out. James and Kim have a monthly income of \$3,200, but this activity will only deal with the portion of their budget shown below.

### EXERCISE

As you can see, when James and Kim filled out their Monthly Cash Flow Plan, they were \$200 over budget. In your breakout group, discuss what changes they could make and fill out the form on the right to get them to a zero balance.

Left to Budget:

HOUSING	Spent	Budgeted
First Mortgage/Rent		850

UTILITIES	Spent	Budgeted
Cable		150

CLOTHING	Spent	Budgeted
Adults James		100
Children Kim		100

Left to Budget:

Total Budgeted:

Difference:

Left to Budget:

HOUSING	Spent	Budgeted
First Mortgage/Rent		

UTILITIES	Spent	Budgeted
Cable		

CLOTHING	Spent	Budgeted
Adults James		
Children Kim		

Left to Budget:

Total Budgeted:

Difference:





### Case Study 3

Chris and Sarah are newlyweds who received FPU as a wedding gift. They used wedding gift money to complete Baby Step 1, and they are paying off their last debt on Baby Step 2—a \$5,000 car loan with a \$400 monthly payment. Chris and Sarah have a monthly take-home pay of \$3,500, but this activity will only deal with the portion of their budget shown below.

#### EXERCISE

Your goal is to help Chris and Sarah adjust their budget so they can pay extra on their car debt. There's no single "right" answer, so use Dave's principles to determine what you think Chris and Sarah should do.

Pay Period Dates: 3/01 to 3/15  
 Pay Period Income: 1500

$$\begin{array}{r} \text{Income} \\ - \text{Tithes} \\ \hline = \text{Remaining to budget} \\ \text{this pay period} \end{array}$$

Category	Budgeted	Remaining
<b>♥ CHARITY</b>		
Tithes	170	1330
Charity & Offerings	30	1300
<i>"Remaining" minus "Budgeted." Back 3 forth.</i>		
<b>🍏 FOOD</b>		
Groceries	400	900
Restaurants	200	700
<b>👕 CLOTHING</b>		
Adults Chris	100	600
Children Sarah	100	500
<b>👤 PERSONAL</b>		
Pocket Money (His)	50	450
Pocket Money (Hers)	50	400
<b>🔑 DEBTS</b>		
Car Payment 1	400	0
Other <small>Additional Car Payment</small>	0	0

Pay Period Dates: 3/01 to 3/15  
 Pay Period Income: 1500

$$\begin{array}{r} \text{Income} \\ - \text{Tithes} \\ \hline = \text{Remaining to budget} \\ \text{this pay period} \end{array}$$

Category	Budgeted	Remaining
<b>♥ CHARITY</b>		
Tithes	170	1330
Charity & Offerings	30	1300
<i>"Remaining" minus "Budgeted." Back 3 forth.</i>		
<b>🍏 FOOD</b>		
Groceries		
Restaurants		
<b>👕 CLOTHING</b>		
Adults Chris		
Children Sarah		
<b>👤 PERSONAL</b>		
Pocket Money (His)		
Pocket Money (Hers)		
<b>🔑 DEBTS</b>		
Car Payment 1	400	
Other <small>Additional Car Payment</small>		

*You should end up at zero*





## This Week's Homework

Personal finance is 20% head knowledge and 80% behavior. Take charge of your financial behaviors by completing the following tasks this week. Be sure to work with your spouse or accountability partner where noted!



### Complete your first Monthly Cash Flow Plan.

Use the paper form at the end of this workbook, download a printable copy from the online resources, or use Dave's free budget tool, EveryDollar, at EveryDollar.com to complete your first zero-based budget. Be sure to bring it to class next week in the folder provided in your Membership Kit! Watch the tutorials online for more detailed help.



### Call a Budget Committee Meeting.

*Singles:* Share your zero-based budget with your accountability partner. Identify and discuss any parts of your budget that seem too expensive or out of control.

*Married Couples:* Call a Budget Committee Meeting and follow the rules outlined last week. Identify and discuss any parts of your budget that seem too expensive or out of control.



### Stuff some envelopes.

It's time to feel some money! Choose a few budget categories that would work well with the cash envelope system. Use the envelope icon on the budget forms for our suggestions.



**Reading Assignment:** Read the "Cash Flow Planning" chapter in *Dave Ramsey's Complete Guide to Money*.



## FINAL WORD



# You Know You're on a Budget When ...

*Being on a budget doesn't mean you can't have fun! We asked Dave's Facebook fans for some clear signs that you might be on a budget.*

**Kristen:** Your 4-year-old asks, "Mommy, do we have a coupon for this?" about any item she wants to buy in the grocery store!

**Carrie:** When you find yourself saying, "Dave would not want me to buy that!" and then walking away.

**Travis:** Your kids are constantly ticked off at Dave Ramsey!

**Kirsten:** School supplies become birthday presents.

**Jeff:** You have all the local supermarket ads spread out on the kitchen table, and you begin to strategize your coupons like you're about to invade Normandy.

**Micki:** You get one leg waxed at a time.

**Natalie:** You ask yourself, *How many shifts will I have to work to pay for this?*

**Jondelyn:** You search on the internet for recipes with ingredients in your pantry.

**Michelle:** When you're shopping with the kids, the 3-year-old asks for something, and the 7-year-old tells him, "It's not in the budget!"

**Will:** When you notice George Washington squint at the sunlight when you pull a dollar out of your wallet.

**Ashlee:** When your 5-year-old asks, "What is a mall?"

**Gary:** When you don't go out and spend money on Friday night and instead stay in and list stuff to sell on eBay.



DAVE'S FACEBOOK FANS shared these obvious signs that you might be on a budget. We talk about stuff like this every day in our Facebook community, so if you're not in the conversation, you're missing out! Join us on Facebook and add your story to the mix! [facebook.com/financialpeace](https://www.facebook.com/financialpeace)

## KEY TERMS

**Budget:** A written cash flow plan that assigns every dollar to a specific category/expense at the beginning of each month

**Envelope System:** Series of envelopes that are divided into categories (food, entertainment, gas, etc.) and are used to store cash for planned monthly expenses

**Four Walls:** The fundamental expenses required to keep a family operating; includes food, shelter, basic clothing, transportation and utilities

**Overdraft:** Act of spending more money through checks or debit transactions than is actually in the account; also called "bouncing" a check

**Reconcile:** Process of matching and verifying cleared transactions against one's written registry using a bank statement; also called "balancing"

**Zero-Based Budget:** A type of monthly budget that assigns every dollar of income to a specific category; "zero-based" means that the income minus expenses should equal zero