

How to use the Household Budget Worksheet:

1. Ensure the Yellow tab entitled "Budget" is open in MS Excel (at the bottom of the file)
2. Enter in cell E3 your monthly take-home pay or estimated pay or the amount you are going to use per month
 - a. This same amount will appear in cell K47 and is formulated to decrease as you budget your money
3. In columns E and K, put dollar amounts in the cells that correspond to how much you are budgeting for each category for that (and possibly future) months.
 - a. In this sheet ("Budget"), if your expenses get to be more than your available cash, the cell will turn red
 - b. The principle this budget operates using is the "envelope" principle as advocated by Dave Ramsey, The Money Matters guys, and others. It will only work if you are disciplined enough to keep track of your "envelopes" (the budget categories), and not spend more than you have available in any particular category. You also must be disciplined enough to keep track of all your expenses/receipts.
 - c. The goal is to budget for future expenses (like auto insurance) that you know you will have but only have to pay once or twice per year. That way, when the bill comes due, you have the \$ there waiting to pay it without having to take other money away from other expenditures
4. As you enter the budget amounts (you can either leave blank or put zeroes in the cells for expenditures you do not have, or you can change the categories to ones where you have a need) the amounts you enter are linked to the corresponding tabs and will show up in the purple area in each tab.
 - a. So, when you enter your mortgage/rent payment in the housing category on the main budget sheet, it will take the amount you enter and put it in the housing tab in the purple area at the top. This purple area is where you will look each month when you update your budget ("deposit" the money into each category in each tab)
5. As you deposit money into your budget and have expenditures leave your budget, the yellow "current balance" cells in each category on each sheet will be automatically updated. As this happens, each of the new balances will be automatically reflected on the main budget sheet in the "current balance" columns. If any of these cells drop below zero, it will turn red. When it becomes zero or more, it will go back white
6. Once a month (it is easy to remember to do it on the 1st day of the month, but any regular day is fine) update each of the budget categories with the monthly deposit you have budgeted to put in the category
 - a. To do this, type "Monthly Deposit" (or whatever you want) in the ITEM PURCHASED column. Then, type whatever dollar amount shows in the purple box above into the DEPOSIT column. This number is linked from the main budget page where you set your budget. If there is a zero, you obviously didn't budget any money for that and you don't enter any into that category
 - b. It is important to look at the purple area and not just the last amount you deposited, because you will probably often change your budget and not remember it. So if you use the last green deposit instead of the purple number, your accounting could be off
7. You also have to keep receipts (or notes of expenditures if you don't get a receipt) and enter them into the budget. It is a good practice to enter your expenditures within a day or two of the expenditure (it takes just a minute or two to do this), but as long as they make it in, the budget will work. I guess it would be feasible to just keep a pile of receipts and do it once a month, but doing it that way would make it hard to know how much you have left to spend for that month and would decrease the effectiveness of the budget.
8. The black cell with white letters on the bottom right of the main page shows you how much money you have to have in your bank account to completely cover all the money you have accounted for in your entire budget. It says "Cash in Bank Should = (with no negatives)" just to the left of it. If you have any red squares on your budget main page, you have to add the negative number to the total to get the correct amount.
9. You can also see what percent of your budget you use for each category with the percent box at the bottom. This is handy to get a relative picture of where you are spending your money.
10. There is also a Biz tab for home business financial records. Again, the spreadsheet is completely customizable, so change it and edit it according to your needs!

A household budget is important to create and maintain. The Household Budget Worksheet you can download here: <http://www.understandwebsites.com/personal-money-management.html> is a very useful personal money management tool. Take advantage of it! And, if you have time, be sure to consider using <http://www.understandwebsites.com> as your guide if you are interested in learning how to make your own website!