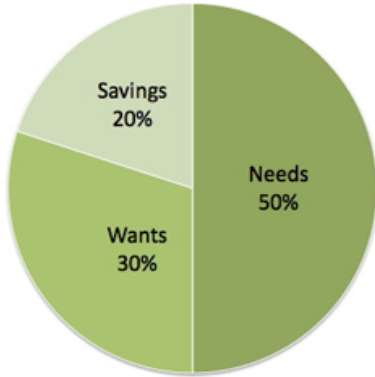


# The Balanced Money Formula

The Balanced Money Formula is a budget framework outlined by Elizabeth Warren and Amelia Warren Tyagi in the book *All Your Worth: The Ultimate Lifetime Money Plan*. It divides expenses into three categories: Must-Haves (or Needs), Savings, and Wants. Getting these three categories right is the key to reaching financial balance.

## The Balanced Money Formula



The Balanced Money Formula is based on your net (after-tax) income. It says that with your take-home pay, you should spend less than 50% on Needs, at least 20% on Savings, and the rest (about 30%) on Wants. *These are **targets** to aim for.*

- **Needs** are housing, utilities, health care, transportation, insurance, and basic groceries and basic clothing.
- **Savings** includes retirement accounts, emergency savings, and debt repayment.
- **Wants** are everything else: cable TV, cell phones, haircuts, swimming lessons, dog food, tithing/charity, books and magazines, vacations, and food and clothing beyond the basics.

Monthly Income \$ \_\_\_\_\_

### Target Budget

50% Needs (.5 x Income) \$ \_\_\_\_\_  
 20% Savings (.2 x Income) \$ \_\_\_\_\_  
 30% Wants (.3 x Income) \$ \_\_\_\_\_

### Current Budget

Needs \$ \_\_\_\_\_ (\_\_\_\_ %)  
 Savings \$ \_\_\_\_\_ (\_\_\_\_ %)  
 Wants \$ \_\_\_\_\_ (\_\_\_\_ %)

50% **Needs** \$ \_\_\_\_\_

20% **Savings** \$ \_\_\_\_\_

30% **Wants** \$ \_\_\_\_\_

Housing (Target: 33% x Income)

\$ \_\_\_\_\_

Utilities

\$ \_\_\_\_\_

Health Care

\$ \_\_\_\_\_

Transportation

\$ \_\_\_\_\_

Insurance

\$ \_\_\_\_\_

Basic Groceries

\$ \_\_\_\_\_

Basic Clothing

\$ \_\_\_\_\_

Emergency Fund (Target: 6 x Needs)

\$ \_\_\_\_\_

Credit-Card Debt

\$ \_\_\_\_\_

Retirement

\$ \_\_\_\_\_

Other

\$ \_\_\_\_\_

Extra Groceries and Dining Out

\$ \_\_\_\_\_

Extra Clothing

\$ \_\_\_\_\_

Vacation

\$ \_\_\_\_\_

Books, Magazines, and Newspapers

\$ \_\_\_\_\_

Cable TV and Internet

\$ \_\_\_\_\_

Tithing/Charity

\$ \_\_\_\_\_

Other

\$ \_\_\_\_\_