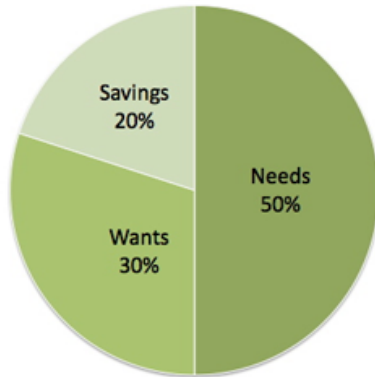


The Balanced Money Formula

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 clothing (*thrift-store clothing—or what you already own*).
- **Savings** includes retirement accounts, emergency savings, and debt repayment.
- **Wants** are everything else: cable TV, cell phones, haircuts, swimming lessons, dog food, nail polish, 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** \$ _____

Housing (Target: 33% x Income)

\$ _____

Utilities

\$ _____

Health Care

\$ _____

Transportation

\$ _____

Insurance

\$ _____

Basic Groceries

\$ _____

Basic Clothing

\$ _____

20% **Savings** \$ _____

Emergency Fund (Target: 6 x Needs)

\$ _____

Credit-Card Debt

\$ _____

Retirement

\$ _____

Other

\$ _____

30% **Wants** \$ _____

Extra Groceries and Dining Out

\$ _____

Extra Clothing

\$ _____

Vacation

\$ _____

Books, Magazines, and Newspapers

\$ _____

Cable TV and Internet

\$ _____

Pets and Supplies

\$ _____

Other

\$ _____