

abundance

FINANCIAL COACHING

Budgeting Basics: Saving for Irregular Bills

Bills that come up once or twice a year can easily bust our budget if we're not ready for them. Things like car registration or insurance, property taxes, HOA dues, tuition, etc. We will break them down into monthly sinking fund payments which are easier to handle.

STEP ONE:

IDENTIFY WHAT, HOW MUCH, AND WHEN

SAMPLE: What - Car Registration, How Much - \$150, When - August

STEP TWO:

CALCULATE THE NUMBER OF MONTHS UNTIL BILL IS DUE

If we are in the month of November and the bill is due in August, we have 9 months to save up before our car registration is due.

STEP THREE:

CALCULATE YOUR INITIAL MONTHLY DEPOSIT TO SINKING FUND

$\$150 / 9 = \16.67 to be deposited each month

STEP FOUR:

WHEN AUGUST COMES, USE SINKING FUNDS TO PAY REGISTRATION

STEP FIVE:

ADJUST MONTHLY PAYMENT TO 1/12 OF BILL AMOUNT

$\$150 / 12 = \12.50 to be deposited each month

STEP SIX:

CONTINUE TO CONTRIBUTE MONTHLY AND PAY BILL ANNUALLY FROM SINKING FUND. ADJUST MONTHLY PAYMENT IF BILL AMOUNT CHANGES

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Bill	Amount	# Months Until Due	Initial Monthly Payment
_____	_____	/ _____	= _____
_____	_____	/ _____	= _____
_____	_____	/ _____	= _____
_____	_____	/ _____	= _____
_____	_____	/ _____	= _____
_____	_____	/ _____	= _____

Bill	Amount	New Monthly Payment
_____	_____	/ 12 = _____
_____	_____	/ 12 = _____
_____	_____	/ 12 = _____
_____	_____	/ 12 = _____
_____	_____	/ 12 = _____
_____	_____	/ 12 = _____