

How to Use the “Budget Exercises for Up-Level Your Cash Flow” Template

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In advance of the workshop, please fill out the Inputs tab in the “Budget Exercises” template spreadsheet.

1) Enter your gross (before tax) yearly income in cell C5. If you keep joint finances with another person, add their income as well.

2) Enter the amount you expect to pay in income and FICA tax for the year in cells C8-C11.

- If income tax is automatically withheld from your paychecks, look at your most recent pay stub and annualize the tax paid from each paycheck.
- If income tax is not withheld from your paycheck, which is typical for people being paid by fellowships or training grants, use <https://smartasset.com/taxes/income-taxes> or a similar calculator for an estimate.
- Non-employees are exempt from FICA tax on their stipends/salaries as they are not wages. Graduate student employees are exempt from FICA tax as long as they are classified as primarily students rather than employees.

3) Enter all of your yearly spending into the appropriate line items in the four yellow-headed sections. These sections are divided into necessary vs. discretionary and regular vs. irregular.

- Use tracked data from the most recent 12 months if you have it. Otherwise, enter the data you know and estimate the rest. It’s more important for the necessary expenses to be accurate than the discretionary expenses.
- Your necessary expenses are those that you have to pay to sustain yourself and your livelihood, while discretionary expenses are optional.
- Your regular expenses are those that occur every month whereas your irregular expenses are those that occur once or a few times per year.
- If you have additional line items or disagree with which section a line item falls into, feel free to add or move them. Please adjust the affected formulae within all three tabs accordingly. If you add new line items to either of the necessary sections, assign them to the most appropriate Living Wage category. You can find the documentation regarding the categories at <https://livingwage.mit.edu/resources/Living-Wage-Users-Guide-Technical-Documentation-2021-05-21.pdf>.

4) Include your minimum debt payments in the necessary section (regular or irregular), but omit from the spreadsheet any payments you make on debt above the minimum required.

- Your mortgage payment should go into the Housing line item.
- Your car payment should go into the Car Expenses line item.
- Create a new line item under the regular necessary section for your medical debt payment and label the living wage category as ‘Medical’.

- Create a new line item under the regular necessary section for your minimum credit card payment and omit the living wage category.
- Add your payments on financed purchases under their appropriate category, e.g., a financed cell phone payment can go under Replacement Electronics.

5) Reserve work in the BMF Analysis and LW Analysis tabs for during workshop (“Money Management section”).