



How To: Zero-Sum Budgeting

What if you could have a brighter financial future by *spending every dollar you earned*?

Sounds counter-intuitive, doesn't it? Zero-sum budgeting forces you to give every dollar a job so that your bottom line totals zero at the end of each month. You use last month's income to pay this month's expenses, including everything from bills to savings. If you don't use every single dollar, you end up being tempted to spend that money on things you don't really need. Zero-sum budgeting allows you to save money and not be wasteful while helping you to focus on getting your debts paid off quicker and save money in the long run. **Get started:**

1. Review your current budget

Write down your monthly, semi-annual and annual expenses. It's important to make sure you know where your money is going and how much you're paying in bills every month. This is a good time to reevaluate your spending. Are you paying for services you no longer use? Can you get a better deal with another service provider?

2. Work with the bare minimum

When creating a zero-sum budget, work with the bare minimum of your potential to earn. That way, you're not spending more than you earn. If your paycheck is higher some weeks than others, use those dollars to boost your savings or pay down high-interest debt.

3. Use multiple accounts

Because your budget includes several categories—such as mortgage or rent, loan payments and other expenses—it's helpful to utilize more than one account to help you organize where every dollar goes. Dupaco allows you to open multiple You Name It Savings Accounts. Use these accounts to help you systematically set aside money, through either direct deposit or automatic transfers, for each of your budget categories.

Every single dollar of your paycheck needs to have a home, whether it goes into a vacation savings account, car insurance account or something else. Use your checking account to give yourself an allowance, which goes toward miscellaneous expenses. Even if you pay your car insurance every six months, you can set aside money from each paycheck so the funds are ready when you receive the bill. The more you can save systematically, the easier it will be to stay on track!

4. Account for variable expenses

Not every expense is the same each month. Your utility bill, for instance, can fluctuate from one month to the next. To make these expenses fit into a zero-sum budget, you have two options:

- Enroll in a budget-billing service: Many utility companies offer a service that allows you to pay the same amount each month by averaging your heating and cooling costs throughout the year.
- Overestimate these expenses: Determine the worst-case scenario for fluctuating expenses, and budget for the highest amount. If you have money left over, use those dollars to grow your savings or pay down debt.

5. Monitor your budget

While saving and paying bills automatically can help you stay on track, it's still important to regularly monitor your financial accounts. You can use Dupaco's free eNotifier Alerts to keep tabs on account activity. If you notice you're routinely spending more or less in some categories than you projected, adjust your budget so it still totals zero at the end of each month.

6. Start at the right time

Because a zero-sum budget uses last month's income to pay this month's expenses, getting started can cause a temporary strain on your income. If you receive a tax refund, consider using it to get one month ahead on your finances so you can pay your bills the following month. Another option: start during a month you receive three paychecks instead of two.

7. Be on the same page

If you share your finances with a significant other, it's important that you're both on the same page with your budget. If one person is really on top of your expenses and knows where your money is going and the other person doesn't care, your budget isn't going to be successful—everybody has to be on the same page.

Your Monthly Budget

Monthly Income:

Monthly Gross Income	\$
- Taxes, Health Ins. and other deductions	\$
- Savings, 401(k), etc.	\$
+ Other Income	\$
= Total Monthly Spendable Income	\$

Housing:

Rent or Mortgage	\$
Utilities	\$
Insurance	\$
Repairs	\$
Taxes	\$
= Subtotal Housing Expenses	\$

Transportation Expenses:

Payment/Lease	\$
Gas	\$
Tolls/Fares	\$
Insurance	\$
Maintenance and Repairs	\$
= Subtotal Transportation Expenses	\$

Debts:

Creditor #1:	Balance	\$
Creditor #1:	Balance	\$
Creditor #1:	Balance	\$
Creditor #1:	Balance	\$
= Subtotal Debts		\$

Miscellaneous:

Church, Tithes and Offerings	\$
Other Charitable Contributions	\$
Groceries, Lunches, Meals Out	\$
Childcare	\$
School Tuition/Supplies	\$
Medical Bills/Copays	\$
Prescription Medicines	\$
Pet Supplies and Vet Appointments	\$
Entertainment, Cable, Etc.	\$
Newspaper, Magazine, Online Subscriptions	\$
Clothing	\$
Haircut	\$
Gifts	\$
Cash	\$
Other	\$
Other	\$
= Subtotal Miscellaneous	\$
= Total Monthly Expenses	\$

Monthly Surplus or Shortage	\$
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What Makes up a Budget?

Start by pulling your bank statements for the past two months and go through each check or debit line by line. Then plug your spending into the table on the next page. An honest review will force you to live below your means instead of beyond them, and that translates into saving money.

Fixed expenses: Bills you pay every month that don't change. Examples of this would be your mortgage or rent, car payment, cable bill, cell phone, etc.

Variable expenses: Bills that fluctuate on a month-to-month basis depending on how much of that item you've used. Examples of variable expenses are utilities, gas, food, credit card payment, etc. This category also includes unnecessary fees that you can avoid, such as late fees, non-sufficient-funds fees, pay-day lending charges, over-limit fees, and annual credit card fees.

Unexpected expenses: Bills that are unplanned and irregular. Examples of this would be medical emergencies, unexpected home maintenance due to damage, or unexpected vehicle repairs. This category can be hard to plan for, but setting aside money each month will help make these unexpected expenses easier to manage.

DID YOU KNOW?

Zero-sum budgeting helps you identify problem areas, create limits you can live with, and make your money work for you!

