

Financial Aspects of Career Planning

Money Management: Financial Statements and Budgeting

One of the most important economic concept: opportunity cost: selecting alternative means you give up something else such as saving and investing for the future reduce the amount you can spend now.

Personal Financial Statements for Measuring Financial Progress

Personal Balance Sheet as of Current Date

Assets

Liquid assets

Checking account balance
Saving/money market accounts
Cash value of life insurance
Total liquid assets

Real Estate

Current market value of home

Personal Possessions

Market value of automobile
Furniture and appliances
Stereo and video equipment
Home computer
Jewelry
Total household assets

Investment Assets

Retirement accounts
Mutual funds
Total investment assets
Total assets

Liabilities

Current Liabilities

Medical bills

Charge account and credit card balances

Balance due on auto loan

Total current liabilities

Long-Term Liabilities

Mortgage

Home improvement loan

Student loan

Total long-term liabilities

Total liabilities

Net worth (assets minus liabilities)

Cash Flow Statement for the Month Ended (Current Date)

Income (cash inflows)

Interest earned on savings
 Earnings from investments
 Salary, wages (gross)
 Less deductions
 Tithe
 Federal Income Tax
 State Income Tax
 Social Security
 Total Deductions
 Other
 Total Income

Cash outflows

Fixed Expenses

Housing
 Rent (mortgage)
 Insurance (may be included in mortgage)
 Taxes (may be included in mortgage)
 Sanitation
 Internet/Cable
 Other
 Automobile
 Loan payment
 Insurance
 License/Taxes
 Other
 Loans & Notes
 Monthly train/bus ticket
 Insurance
 Life insurance
 Medical insurance
 Other
 Apartment insurance (if renting)
 Total fixed outflows

Variable Expenses

Credit Card (interest charge changes monthly even if principle is unchanged)

Housing

- Telephone
- Electricity
- Gas
- Water
- Maintenance

Food

- Food at home
- Food away from home

Clothing

Automobile

- Gas & Oil
- Maintenance/Repair/Replace

Personal care (dry cleaning, laundry, cosmetics)

Medical expenses

- Doctor
- Dentist
- Drugs
- Other

Recreation/entertainment

Baby Sitters

Miscellaneous

- Gifts (including Christmas)
- Subscriptions
- Other

School/Child Care

- Tuition
- Materials
- Transportation
- Day Care

Donations

- Total variable outflows
- Total outflows

Cash surplus + (or deficit-)

Allocation of Surplus

Emergency fund savings

Savings for short-term /intermediate financial goals

Savings/investing for long-term financial security

Total surplus

Necessary but not sufficient for Financial Success