Future Care Planning Series: Cash Flow Management

Cash Flow Worksheet How-To Guide

Understanding your family's cash flow is a critical step in creating your Future Care Plan. Completing the Cash Flow Worksheet will help determine whether your family is operating at a surplus or a shortage, helping you identify where to adjust your spending to achieve your long-term savings goals.

Please follow the steps below to complete your **Cash Flow Worksheet.**

Step 1: Gather Your Financial Documents

Collect the following items to ensure your data is accurate:

- **Paystubs(s):** To determine your total gross monthly income.
- **Bank and Credit Card Statements:** To track and categorize your monthly spending.
- **Fixed Cost Records:** Documentation for recurring expenses such as rent, mortgage, and utilities.
- **Existing Budgeting Tools:** Any previous worksheets or apps that might speed up your data collection.
- **Cash Flow Worksheet:** The provided template where you will organize your findings.

Step 2: Calculate Your Monthly Income and Expense Averages

Convert all income and expenses into **monthly averages** using the following calculations:

- **Weekly Transactions:** Multiply the weekly amount by 52, then divide by 12.
- **Bi-Weekly Transactions:** Multiply the bi-weekly amount by 26, then divide by 12.
- **Annual Transactions:** Divide the yearly total by 12.
- **Monthly Transactions:** Enter these directly into your worksheet

Step 3: Categorize Your Cash Flow

Organize your finances into three categories: income, essential expenses, and discretionary spending. Categorizing your cash flow into these specific sections will help ensure that no financial commitment is overlooked.

Income Record all cash inflows, using gross pay (before taxes).	• Salary • Investment income • Social Security • "Side Hustles" (e.g., ride-share apps, dog walking).

Essential Expenses (Needs) These are your necessary daily living costs. Think of them as the "vegetables" of your plan: essential for long-term health, even if they aren't the most exciting part of the budget.	• **Housing:** Mortgage/rent, property taxes, and maintenance. • **Utilities:** Electricity, gas, water, internet, and phone. • **Transportation:** Car loans, fuel, tolls, and maintenance. • **Insurance:** Medical, life, long-term care, and homeowners or renters premiums. • **Groceries:** Food and hygiene products.
Discretionary Spending (Wants) These are flexible lifestyle choices, the "dessert" of your budget, that can often be adjusted to improve your bottom line.	• **Entertainment:** Dining out, hobbies, and digital subscriptions. • **Vacations:** Monthly average of annual travel costs. • **Miscellaneous:** Shopping from retailers like Amazon or Target.

Step 4: Analyze Your Results

Review your monthly surplus or shortage to understand your financial health.

- **If you have a Monthly Surplus:** You are in a great position to grow your wealth. Consider allocating these extra funds toward long-term goals, such as an emergency fund or Individual Retirement Account (IRA).

  Note: A common benchmark is to save six months' worth of living expenses in an emergency fund, though your specific target may vary based on your stability and risk tolerance.

- **If you have a Monthly Shortage:** This indicates that your current spending exceeds your income. Be honest about your habits and check for a reliance on credit cards, which can lead to high-interest debt. Treat next month as a fresh start: identify non-essential expenses you can trim and proactively commit to staying within your new budget.

Step 5: Maintenance

Financial planning isn't a "one and done" task. Review this guide and your Cash Flow Worksheet every quarter, or whenever a major life change occurs (e.g., a new job, a raise, or a change in household expenses). Regular check-ins ensure your data remains accurate and aligned with your financial goals.

For more information about completing your Cash Flow Worksheet, please watch the Cash Flow Management webinar.