

**Creating the Budget, Exercise 23, The Budget after Three Years (Chapter 10)**

In Chapter 10 Jasper received a raise after three years. When you receive increases or a bonus what will you do with the money? In any event, this is what Jasper chose below with his budget consolidation efforts. His accomplishments came by way of reduced expenses through pretax vehicles, a raise in pay and debt reduction which is what the Squad expects from you.

<b>Item</b>	<b>From</b>	<b>To</b>	<b>Monthly Gain/Loss</b>
Emergency Fund Paid off	\$460	\$0	\$460
Increase in Pay (2 checks)	\$2,146	\$2,248	\$204
Student Loan Paid off	\$300	\$0	\$300
Furniture Paid off	\$65	\$0	\$65
Credit Card Paid off	\$50	\$0	\$50
Removed Home Phone	\$45	\$0	\$45
Computer Paid off	\$33	\$0	\$33
Cell Phone Bill Reduced	\$115	\$85	\$30
Cable Bill Reduced	\$115	\$87	\$28
<b>Total</b>			<b>\$1,215.00</b>

Jasper chose to add these items to his budget. What will you do? Some of these items are in your budget currently.

<b>Item</b>	<b>Added Cost</b>
Pet Insurance	\$80
Sports / Leisure	\$25 increase
Life Insurance	\$25 increase
Travel	\$100
Clothes	\$80

So after a three year simulation what is the potential money that you could generate? Jasper's is below. The results show that liquidity has been established due to planning and discipline. These numbers reflect straight saving of money without spending any of it; however some of this money may not be there after three years due to having to use Savings and Miscellaneous. Keep in mind that you will be saving money to be able purchase a home or pay for a significant life event while increasing retirement.

The beauty of this exercise is that you can go back and make adjustments to your expenses and debt consolidation as three years has not passed. The goal is to make this as realistic as possible so that you gain the understanding of flexibility and the discipline of preparing a budget. Remember . . . live for today while planning for tomorrow.

<b>Item</b>	<b>Amount</b>
Emergency	\$16,100
Savings	\$5,482
Miscellaneous	\$4,140
Rainy Day	\$2,275
College Fund	\$1,800
Bonus Checks	\$12,714
<b>Total</b>	<b>\$42,511</b>