

## Assignments

### Financial Plan Assignments

While the previous chapter helped you determine your vision and where you wanted to be, this chapter helps you see where you are right now. Financial statements help you understand your current financial position. I recommend you use the [PFP Financial Statements Template](#) (LT01-03) to put together your Income and Expense Plan and prepare your financial statements.

If you are not already living on a budget, your assignment is to begin today. Begin keeping a record of all your expenses, using the recording method of your choice. Your income and expense plan or budget is probably the single-most important tool that will help you attain your goals. Use it wisely and refer to it often. It is important to remember that recording expenses alone is not budgeting. Recording expenses is just record-keeping. You need to give every dollar a name and plan where your money should go and then see that you follow your plan.

Your budget is a record of your planned expenses, your actual expenses, and the difference. One possible spreadsheet is [Budget, Balance Sheet and Income Statements template](#) (LT04). Your budget is your spreadsheet that documents your planned, actual and different. Your budget template is where the thinking and analysis takes place. What did you do well during the month? Where did you do poorly and why? It is not enough to just record your expenses and income. You must use that information to be a better steward.

You can use any of the first four useful methods (sorry but the DNAH-ial method is no longer useful). We encourage you to use programs such as Mint.com or Quicken, or spreadsheet programs such as [Budget, Balance Sheets, and Income Statements](#) (LT04) and [Debt Free Planning Spending Spreadsheet](#) (LT31). Start by determining the categories for your spending, such as Auto, Charity, Education, Family Activities, Gifts, Groceries, Household, Insurance, Investments, Kids, Lunches, Medical, Tax, Utilities, Vacation, etc. Then have your days in a specific column, which sum to your total. The key columns are your budget, your actual (also called your income statement), and the difference.

In addition to making a budget, put together your own personal or family balance sheet. Be conservative in evaluating your assets, and be exact in evaluating your liabilities. Follow the methods discussed in this chapter and see where you are financially.

Finally, calculate your financial ratios regarding liquidity, debt, and savings. Are your assets as liquid as they should be? Are you reducing debt as you should? Are you saving as much as you should? A useful tool to help you calculate your financial ratios is [Balance Sheet and Ratios](#) (LT04B). You can use monthly or annually for your period, although I recommend monthly. After you have put together your balance sheet, it only takes 5 pieces of information for your ratios.