

The Cash-FLOW Analysis™ Work Sheet

In this DFA Resource, we review the components needed to complete your Cash-FLOW Analysis™ work sheet, beginning with how to calculate your monthly net income and ending with how to calculate your expenses.

Calculating Your Monthly Net Income

In this section, you will learn how to calculate your monthly net income if you are paid weekly, biweekly, or on the 1st and 15th of the month.

Are You Paid Weekly?

A common mistake many people make when calculating their monthly net income is to multiply their weekly net pay by 4 (assuming since there are four weeks in a month, this should be accurate).

However, for folks earning a weekly paycheck, there usually are four months in each year that have an extra pay period (depending on the day of the week you're paid). Let's look at the inaccurate way to calculate your net monthly income when you're being paid \$500 in net pay weekly.

$$\$500 \times 4 = \$2,000$$

To accurately calculate your monthly net income, you need to multiply your weekly net pay by 52 (the number of weeks in the year), and then divide the result by 12 (the number of months in the year). Here's an example:

$$\begin{aligned}\text{Weekly Net Pay} &= \$500 \\ \$500 \times 52 &= \$26,000 \\ \$26,000 \div 12 &= \$2,166.67\end{aligned}$$

Monthly net income for an individual earning \$500 in net pay per week equals \$2,166.67

Are You Paid Biweekly?

As in the case with those earning a weekly paycheck, a common mistake biweekly paycheck earners make when calculating monthly net income is to multiply their net biweekly pay by 2, as if they received two checks each month, or 24 each year. However, if you're paid biweekly, then you'll actually receive 26 checks during the year.

Let's look at the inaccurate way to calculate your net monthly income when you're being paid \$1,200 in net pay biweekly.

$$\$1,200 \times 2 = \$2,400$$

To accurately calculate your monthly net income, you need to multiply your biweekly net pay by 26 (the number of biweekly pay periods in a year), and then divide the result by 12 (the number of months in the year). Here's an example:

$$\begin{aligned} \$ 1,200 \times 26 &= \$31,200 \\ \$ 31,200 \div 12 &= \$2,600 \end{aligned}$$

Are You Paid on the 1st and 15th?

If you're being paid on the 1st and the 15th, or the 14th and the 28th, or on any two dates of each month, then you're actually going to receive only 24 checks during the year. Should that be the case, then you can multiply the net pay from one of those checks by 2.

Note: The key to calculating your net monthly income is to make sure you're calculations include all pay you'll receive within the year.

If you're paid by commission and your income is irregular, do your best to average your income over the 12-month period as necessary.

TOTAL MONTHLY NET INCOME

Only Four spaces are provided here. Be sure to include any/all forms of income your household may be experiencing. Whether your household earns full-time, part-time, or investment income that you're currently using to live on, all of that income needs to be accounted for here. Feel free to add any additional sources of income necessary.

Income	Monthly Gross Income	Monthly Net Income
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
	Total Gross Income/Month _____	Total Net Income/Month _____

Calculating Your Monthly Living Expenses

Most of the expenses listed in the work sheet are assessed on a monthly basis. However, there are some, like water bills, that are assessed quarterly. As you gather your expense information, note the frequency with which you must remit payment, and be sure that any amounts are adjusted to reflect the appropriate monthly amount.

These expense categories are listed in alphabetical order and the list should not be considered all-inclusive. You may have additional monthly expenses not listed here. Be sure to include all regular monthly expenses you incur.

TOTAL MONTHLY LIVING EXPENSES

This expense list is not exhaustive. You may have additional expenses you need to account for that are not listed here. Be sure to include any/all monthly living expenses necessary. Also, be sure to record them in their appropriate monthly amounts.

- Allowance _____
- Banking _____
- Cable TV or Satellite _____
- Clothing _____
- Day Care _____
- Donations/Contributions _____
- Education _____
- Entertainment _____
- Gifts _____
- Groceries _____
- Health and Beauty _____
- Home Maintenance _____
- Household Supplies _____
- Insurance _____
- Internet Service _____
- Investments _____
- Legal Obligations _____

1. With the amounts for the minimum amount due for each past due account (which you would have just completed).
2. With the total current amounts due for any past-due accounts.

The purpose of completing your analysis in this way is to determine the condition of your CFI for both sets of circumstances.

Being behind on payments without the ability to get caught up may mean your cash flow requires the assistance of a debt-relief service provider. Only the appropriate service provider would be able to assist you in determining if its service can assist you. If you are indeed behind on some of your accounts and you need to complete your Cash-FLOW Analysis™ as outline earlier, be sure to use the results of the analysis (your CFI) to determine if the service provider you're speaking with will afford you the ability to pay for the service they're offering.

Calculating Your Monthly Secured Debt Payments

Your monthly secured debt payments are the total amount of monthly payments you're required to remit to all creditors with whom you have secured debt accounts such as mortgage and car loans.

TOTAL MONTHLY SECURED DEBT PAYMENTS

Be sure to include all mortgage payments (first and second mortgages), HELOC payments, car payments, and the like.

Creditor	Balance Owed	Interest Rate	Min. Monthly Payment
Total Monthly Secured Debt Payments			

Calculating Your Cash-FLOW Analysis

Now that you have calculated your monthly net income, monthly living expenses, and monthly secured and unsecured debt payments, use the work sheet to calculate your Cash-FLOW Analysis™. Be sure to follow the directions on the work sheet.

CALCULATING YOUR CASH FLOW ANALYSIS™

Add your Total Monthly Living Expenses, Total Monthly Secured Debt Payments, and Total Monthly Unsecured Debt Payments together. Then, subtract that sum from your Total Monthly Net Income.

Total Monthly Net Income:

Total Monthly Living Expenses:

Total Monthly Secured
Debt Payments:

Total Monthly Unsecured
Debt Payments:

Total All Expenses:

CFI \$

(Total Monthly Net Income) – (Total All Expenses)

CFI %

(CFI \$) ÷ (Total Monthly Net Income)
