

## Budgeting Cash Flow Guide

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You're not alone if you have no idea where your money goes each month.

The good news? A budget can change that. It's not complicated—it's just a clear, prioritized plan for your money. Whether your income fluctuates, you're dealing with irregular paychecks, or you're unsure about household spending, you can still take control. Start by focusing on the essentials: housing, food, utilities, and transportation. From there, tackle the extras. In this guide, you'll learn how to allocate your income, cut waste, and build a plan that works for your family. Let's get started.

### 1. Calculate Your Family's Cash Flow

- **Step 1: List Your Income**

- Write down every source of income: salaries, side gigs, rental income, or any other cash flow. Start with estimates if needed; you can refine later.

- **Step 2: Estimate Taxes**

- Review recent tax returns or check your withholdings to estimate your effective tax rate. (Taxes paid ÷ Gross Income)

- **Step 3: Identify Your Savings Rate**

- Look at contributions to 401(k)s, IRAs, or other savings accounts. Add these up to see how much you're already setting aside. (Savings ÷ Gross Income)

- **Step 4: Calculate Free Cash Flow**

- After accounting for taxes and savings, figure out how much money is left over each month. That's your net cash flow. (Net Cash Flow ÷ Gross Income)

- **Step 5: Determine Your Burn Rate**

- Subtract taxes, savings, and free cash flow from your total income. This gives you your spending rate, or "burn rate." Often, it's higher than expected, but this is the true picture of your spending. Knowing this number is a powerful step toward building a realistic budget.

## 2. Create a Realistic Budget

### 1. 50/25/15/10 Framework

- a. 50% for needs: housing, utilities, groceries, transportation.
- b. 25% for wants: dining out, entertainment, hobbies.
- c. 15% for savings and debt repayment.
- d. 10% for giving and charity.

### 2. Adjust for Your Family's Situation

- a. Use tools like [this EPI.org calculator](https://www.epl.org/calculator) for guidance.

### 3. Personalize Your Categories

- a. Tailor YNAB's default categories to match your actual expenses.

### 4. Add Non-Monthly Expenses

- a. Plan for irregular costs, like insurance premiums or holiday spending, to avoid surprises.

### 5. Set Targets for Each Category

- a. Assign financial goals for each category to clarify spending priorities.

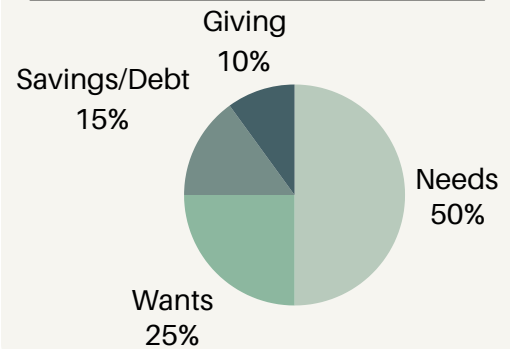
### 6. Add Your Accounts

- a. Input all financial accounts (checking, savings, credit cards) for a complete view.

### 7. Assign and Track Every Dollar

- a. **Assign Every Dollar a Job:** Make every dollar in your budget purposeful.
- b. **Track Spending:** Regularly log transactions to monitor and adjust as needed.

### The 50/25/15/10 Framework



## 3. Set Savings Goals

- **Emergency Fund:**

- Target 3-6 months of essential expenses.
- Start small: save \$1,000 first, then build from there.

- **Short-Term Goals:**

- Examples: saving for a family vacation, home repairs, or holiday gifts.

- **Long-Term Goals:**

- Examples: funding retirement accounts, saving for college, or paying off your mortgage early.

- **Actionable Steps:**

1. Use the cash flow surplus to fund these goals.
2. Automate savings to make progress effortless.

## 4. Evaluate Spending Habits

- **Common Budget Pitfalls:**
    - Overspending on housing or cars.
    - Dining out too frequently.
    - Subscription services that add up over time.
  - **Optimize Your Budget:**
    - Compare your spending to the 50/25/15/10 framework.
    - Use tools like Rocket Money to find and cancel unused subscriptions.
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## 5. Make Your Budget Work for You

- **Find the Right Tools:**
    - Apps: Monarch Money, YNAB, or EveryDollar.
    - Templates: Use our free Excel or Notion budgeting template.
  - **Adjust as Needed:**
    - Revisit your budget monthly to adjust for unexpected expenses or changes in income.
  - **Involve Your Family:**
    - Hold monthly money meetings to discuss goals and celebrate progress.
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## Bonus YNAB Guides:

- [Irregular income](#)
  - [Getting out of debt](#)
  - [Joining finances as a couple](#)
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## Next Steps

Congratulations! You've taken the first steps toward mastering your family's finances. Now that you've optimized your cash flow, let's talk about putting your savings to work. Schedule a free discovery call to explore how we can build a financial plan tailored to your family's needs and goals.

[Book Your Financial Strategy Session](#)

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