**Explanatory Document**
**Standard Forecast Grid**

## Use

This grid allows you to establish your budget forecast based on monthly averages calculated according to all your income and expenses for the year. It is suitable for most people.

The forecast can also be used to determine whether the budget is in surplus or deficit. If the budget is in deficit, the use of a *budget monitoring grid* is recommended for close monthly monitoring.

## How it works

This budget grid allows you to measure your lifestyle and understand where your money is going.

Expenses are divided into obligations and current expenses (where there may be some room for manoeuvre).

Tips on how to fill in the grid correctly so that it is as accurate as possible:

- Be as realistic as possible.
- Don't overestimate income.
- Don't underestimate expenses.
- Don't forget any budget items, even the occasional ones.
- Assess as best you can and confirm the estimate by monitoring it.

## Step 1

Enter all income and expenses in the ***Week*** or ***2 Weeks***, ***Month*** and ***Year*** columns, according to the frequency of the amount of each budget item.

## Step 2

Decide whether you prefer a monthly or annual budget in order to confirm that your budget is well balanced.

Calculate the equivalents of the missing amounts per month or per year according to your preference.

| Week | 2 Weeks | Month | Year |
|---|---|---|---|
| **$ amount** | | = $ X 52 ÷ 12 | = $ X 52 |
| | **$ amount** | = $ X 26 ÷ 12 | = $ X 26 |
| | | **$ amount** | = $ X 12 |
| | | = $ ÷ 12 | **$ amount** |

How to use the table to calculate the equivalent amounts correctly:

- Choose the line according to the starting amount (**$ amount**).
- Choose the ***Month*** or ***Year*** column according to your preference.
- Calculate according to the formula indicated.
- Enter the amount obtained in the grid.
- Repeat the operation for each of the missing amounts.

Note: An amount received every 3 months must be divided by 3 and entered in the ***Month*** column or multiplied by 4 and entered in the ***Year*** column.

### Step 3

Complete the calculations in the grid:

- Add up the income, obligations and current expenses.
- Calculate the ***Total Obligations and Current Expenses.***
- Subtract the ***Total Obligations and Current Expenses*** from the ***Total Income*** to obtain the amount of ***Income minus Total Expenses.***
- Enter the amount of the ***Debt Payments*** using the grid provided for this purpose.
- Subtract the ***Debt Payments*** from the amount of ***Income minus Total Expenses*** to obtain the ***Result***.

### Step 4

Examine the ***Result*** of the calculation.

- If it is positive, this confirms that your budget is well balanced and that you have room for manoeuvre. - Step 5 is optional
- If it is zero, your budget is tight and could be revised to give you more room to manoeuvre. - Step 5 is suggested
- If it is negative, this indicates that your budget is in deficit and that you need to take action to avoid a problematic debt situation. - Step 5 is recommended

### Step 5

Monitor your budget to see where your money is going and avoid missed payments.

Use one of the *budget monitoring grids* provided for this purpose.

The *asset table* could also be useful for identifying possible solutions to your debt, such as selling an asset.

**Redo your forecast if there is a major change in your situation!**

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