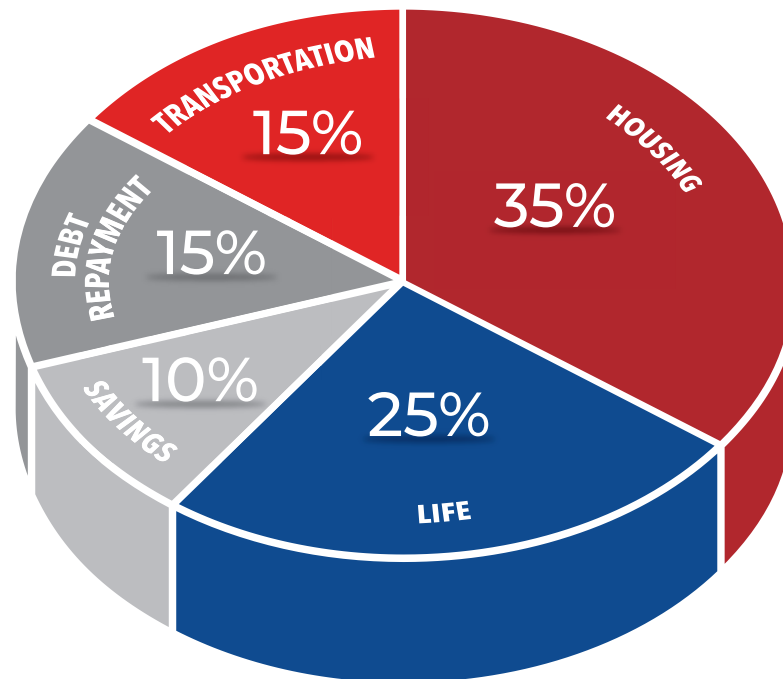


BREAKDOWN OF LIVING EXPENSES



It is important that ALL your expenses are accounted for in your monthly budget, even if they're not a monthly expense. For example, holiday gifts are an expense that comes around once a year. On average a typical family spends about \$1,200 of holidays gifts. If you don't save throughout the year for this, when December comes around, you end up going into debt, because you will need to charge your purchases to your credit card or dip into your line of credit.

So, if you estimate that holiday gifts will cost \$1,200 in December, you need to determine what your monthly cost would be. Dividing \$1,200 by 12 gives you \$100 a month. In your budget you should have a category called "Gifts" where you will save \$100 a month. You can add birthday and anniversary gifts to this as well using the same method.

Some other examples of *annual or seasonal* expenses that need to be in your *monthly* budget include:

- Property tax
- Snow removal service
- Car maintenance (think winter tires, tune-ups)
- Summers camps and other children's extra-curricular activities
- Clothing and shoes

The same can be said for postings – they don't happen every year but they do require additional cash flow at key periods. And since not all expenses are completely reimbursed, planning for extra cash on hand can be important.