



## Discretionary Income Exercise

Complete a Discretionary Income Worksheet for yourself. Use the information you collected on the Income Worksheet and Monthly Expense Worksheet to complete the calculation.

### Discretionary Income

1. GROSS MONTHLY HOUSEHOLD INCOME (from page 16)	\$ _____
2. NET MONTHLY HOUSEHOLD INCOME (75% of line 1)	\$ _____
3. TOTAL MONTHLY EXPENSES (from page 19)	\$ _____
4. MONTHLY DISCRETIONARY INCOME (subtract Line 3 from Line 2)	\$ _____

## Types of Expenses

To accomplish your financial goals, you might want to decrease your spending. To get a better sense of your spending, it is helpful to examine your different types of expenses.

*Fixed Expenses.* These are monthly costs that do not change very much.

- rent/mortgage payments
- car payment
- savings

*Flexible Expenses.* These are monthly costs that you can control.

- groceries
- gas
- credit card payments
- pow wows

*Luxury Expenses.* These are monthly costs that you choose each month.

- entertainment
- gaming
- new clothes
- going out to eat

Money  
management  
is a family  
affair.

To accomplish your financial goals, you will want to control your family's spending on flexible and luxury items. It may be helpful to identify which of your expenditures are wants versus needs. Wants are items that you desire, but are not necessary, such as snacks or expensive entertainment. Needs are items that are essential based on your lifestyle and values. Housing, groceries, and education qualify as needs.