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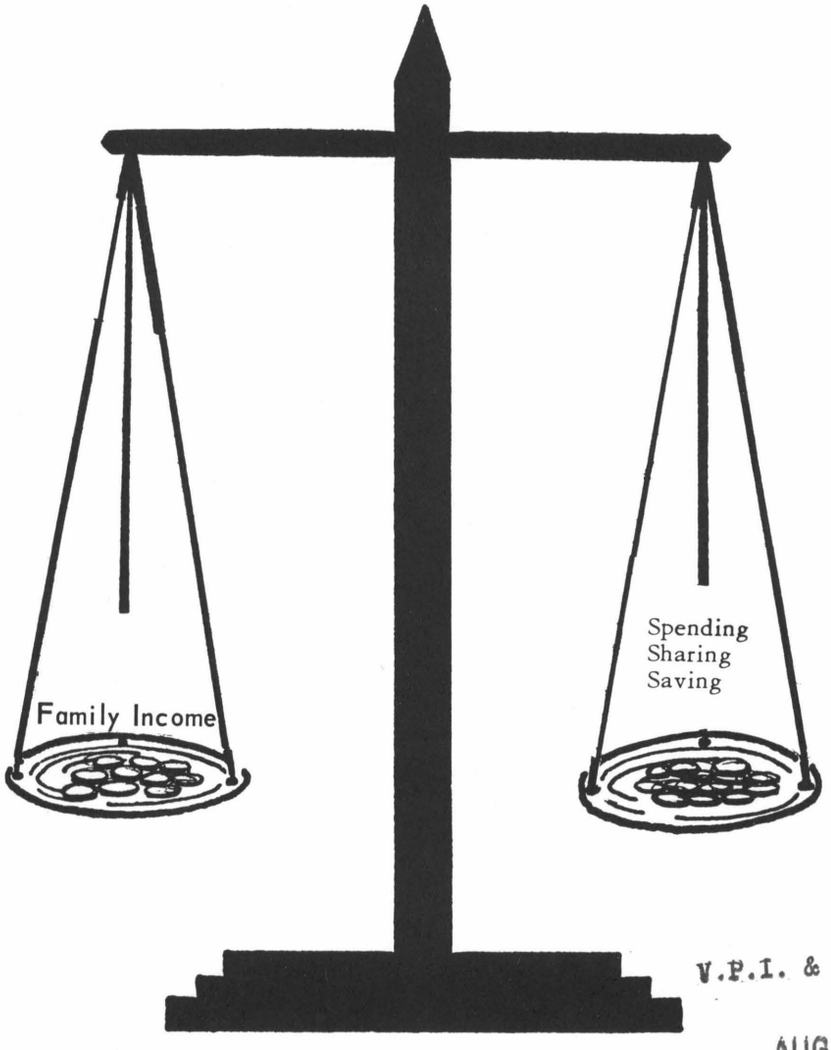
Family Account Book



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BLACKSBURG, VIRGINIA

Extension Division
Virginia Polytechnic Institute
and
State University

Record Book 62
Reprint September 1979

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Why Keep Accounts?

Prepared by
Amelia H. Fuller, formerly Extension Specialist, Home Management

A record of family expenditures is valuable in filing an accurate and complete income tax return.

A record of past expenditures is an excellent basis for developing a workable family financial plan.

Making this spending plan will help a family to decide which goals are most important to them and to work out a method for achieving these goals.

Reviewing a record helps us decide if we are satisfied with what we're getting for our money and provides a basis for making more considered choices next time. The record also may show that we are happy with our past decisions and do not need to make any changes in our spending plan.

Family members can better understand and help with the family financing when each can see how much goes for maintaining the household and how much is left for personal choices.

It encourages fairness among family members in their use of income and thus promotes better family relationships.

A family account provides an answer to, "We don't seem to get anything for our money."

A complete family income and expense record may assist in obtaining credit.

The record summary and net worth statement are yardsticks for measuring financial progress.

Family Account Book

This book has been developed to include: (1) a simple financial plan, (2) a reserve fund worksheet, (3) a record of family living expenses, (4) a record of tax deductible expenditures, and (5) a net worth statement.

These suggestions may help with your family financial planning and accounting.

Planning For Family Living Expenses

The first step is to fill in the estimated income for each month on pages 32 and 33. Then in the plan columns enter the fixed expenses such as house payments or rent, auto and other payments, and the amount to be set aside each month for irregular expenses. This last item is determined from the reserve fund worksheet described below.

If you've never kept records of expenditures before, the next step is to keep such records for a month. From these daily records and those of your fixed and irregular expenditures develop a tentative financial plan for the next month or year. Remember that many items such as fuel, clothing, gifts, and recreation will vary with the season of the year. The plan, as well as the expenditures, will have to be adjusted and readjusted until each family finds a workable arrangement so start with a pencil!

The Reserve Fund Worksheet

Large, irregular expenses such as insurance premiums, real estate taxes, or a vacation fund which can't be met from one paycheck should be entered at the beginning of the year on page 7. Go through last year's checkbook carefully to find all of these and add any new ones. Because it is easy to forget a bill that doesn't come regularly, these expenses and the amount to be set aside that month for meeting them should also be entered at the top of the page of the month in which each comes due.

Add these expenses and divide by 12 to find the amount to be set aside each month for these types of expenditures. If either your income or expenses are irregular, it may be easier to deposit larger amounts in some months and smaller amounts or nothing in other months. The important thing is to make the necessary funds a definite part of the financial plan so that there will be sufficient money in the reserve fund when the bills come due.

These earmarked funds may be subtracted from the checkbook balance or kept in a separate checkbook to remind us not to spend them for something else, or they may be put in a savings account until needed. When each bill is paid from the reserve fund, it should be entered on the worksheet as paid and subtracted from the amount in the fund.

If items are charged, enter the amount in the blank for large irregular expenses in the month(s) in which they must be paid. This shows us that these funds have been committed and can't be spent for other items which may have been in the original plan.

Financial emergencies seem to arrive as regularly as any other expense. If savings are used for emergencies then a plan for rebuilding the savings account needs to be added. If financial emergencies are paid by a bank loan, the payments to the bank must be put into the plan and other expenditures reduced to cover them.

Keeping Your Family Account Book

Keep the record simple. Round off figures. Lump small items such as cellophane tape, measuring spoons, and spot remover into operating expenses.

Enlist the help of all family members. Ask each to write on the sales slips or cash register tapes the name(s) of the item(s) purchased, or note these, when the purchases are made, on a card kept in the wallet or purse. Provide a place for these records to be kept together until entered in the account book.

Allowances for each family member should be entered as such under his name. If the allowance includes lunch money, only this part should be itemized.

Add the columns each month. Transfer these totals to the summary sheet at the back. Compare totals with the spending plan to see if changes in the plan or in the expenditures need to be made. Few items will be the same each month but if some are greater than planned, some must be less.

Do not try for a perfect balance. Enter small differences between income and expenses as "unaccounted for".

Examples

There are many expenses which do not fit neatly into one category and the family must decide where each should be entered to fit their own needs. To make the record consistent, note on page 6 any changes you want to make in the suggested organization.

For instance, money spent at grocery stores may be separated into food and non-food items or all entered under food if this serves your purpose. Records show that 25% of the money spent at grocery stores goes for non-food items. If you want to separate these, put all food items together

on the checkout counter and ask for a total before the non-food items are rung up.

Fees for babysitting may be lumped together or separated. The cost of a babysitter while you go to a movie may be put under recreation. If a sitter is hired while you go shopping the fee may be classified as an operating expense. In some cases the cost may be a deductible item for a working mother.

Meals eaten out and gasoline for vacation trips may be entered under food and automobile expenses or recreation. Cigarettes and liquor may be entered under personal or recreation. If they are paid for from personal allowances they will not appear in the account as separate items. Costs for the care of home grounds may be entered under housing, operating, food (if a vegetable garden is raised), or even recreation.

Net Worth Statement

A net worth statement is a comparison of what you own (assets) and what you owe (liabilities). Complete the net worth statement each year. If your worth has increased, the family is making financial progress.

There are some values which will not show on this type of record. For instance, the money spent for education and job or business advancement will not be immediately reflected in the asset column but are investments on which a future return can be expected.

A more detailed inventory of furnishings, equipment, clothing, jewelry, watches, antiques, and other belongings should be made and kept updated to establish loss in case of fire or theft. The total estimated values from these lists are entered in this summary sheet to determine the total net worth.

For more information about managing family finances, contact the Cooperative Extension Service in your county.

Suggested Organization Of Family Living Expenses

Families should decide what they want to learn from their financial records and change the suggested categories and items in each to suit their own purposes.

SECURITY
Life insurance payments
Social security payments
Retirement fund payments
Amounts put in savings account
Stocks, bonds, or other investments

FOODS
Groceries
Meals, snacks eaten out, school lunch
Vitamins (dietary supplement)
Costs of growing food
Note: To get a true record of food costs, supermarket cash register slips should be broken down and non-food items entered in their proper column.

HOUSING
Operation
Laundry Supplies
Small tools and equipment
Light bulbs
Household sprays and pesticides
Cleaning materials and supplies
Hired help
Postage, bank charges
Paper articles
Heating and cooking fuels
Water and sewer charges
Garbage and trash removal
Electricity, telephone

FURNISHINGS AND EQUIPMENT
New furniture and furnishings
Major and durable equipment
(Refrigerator, pressure cooker, air conditioner)
Draperies, household linens, rugs
Floor coverings
Care and repair of furnishings and equipment
China, glassware, silver

RENT OR MORTGAGE
Repairs, Insurance
Repairs and maintenance of house and yard
Permanent improvements
Property and liability insurance

CLOTHING
Clothing, shoes, etc. purchased
Drycleaning and repairs
Thread and other sewing supplies
Personal allowances
Beauty and barber shop

TRANSPORTATION
Gasoline, oil, repairs, tires
Car payments and interest
Licenses, registration, insurance
Taxi and bus fare
Parking and garage fees
Fines, tolls, accessories

DEVELOPMENT
Allowances
Children's allowances
Adults cigarettes, spending money

EDUCATION
Special lessons
Musical instruments
Newspapers, magazines
Tuition and board at school
School supplies

RECREATION
Tickets to movies, games, etc.
Camping equipment
Pet expenses
Dues to social organizations
Vacation expenses
Entertaining guests
Purchase and repair of radio, records, television, and hobby equipment

GIFTS OUTSIDE FAMILY
Christmas, birthday, etc. (not tax deductible)
Greeting cards

TAX DEDUCTIBLES (See Federal and State Income Tax Instructions for Other Items) These other items may be listed in other columns then circled in a contrasting color.

CONTRIBUTIONS
Money and cash values of items donated to church and charitable organizations

MEDICAL CARE
Health insurance premiums
Doctors and dentists
Eyeglasses and other health appliances
Transportation for medical care
Medicine and drugs
See tax instructions for items to be entered here

INTEREST AND TAXES
Interest on home mortgage and other loans
Interest on time payment plans, etc.
Taxes on real estate, gasoline, sales, and other

Reserve Fund Worksheet

For Large Irregular Expenses

Include such items as life, auto, property and health insurance premiums, pledges to church, etc., real estate taxes, income taxes, vacation and Christmas funds, and notes payable.

Date	EXPENSE ITEM (Describe)	AMOUNT DUE	DEPOSIT IN FUND	PAID FROM FUND	RESERVE FUND BALANCE
Jan.	Deposit				
Feb.	Deposit				
March	Deposit				
April	Deposit				
May	Deposit				
June	Deposit				
July	Deposit				
August	Deposit				
Sept.	Deposit				
Oct.	Deposit				
Nov.	Deposit				
Dec.	Deposit				

Total Large Irregular Expenses: $_____ ÷ 12 = $_____ which is the amount to be deposited in Reserve Fund each month.

(For Sample entry and suggestions on where to list items see page 6.)

DATE	LIST ITEMS (Kind, Amount and Price)	SECURITY			FOOD		HOUSING			
		Life Insurance	Retirement, Social Security	Savings, Stocks, Bonds, Investments	Groceries	Meals Out, School Lunches,	Operation	Furnishings, Equipment	Rent, Mortgage	Repairs, Insurance
	PLANNED									
	Total Expense for Month									

Carry monthly totals to yearly summary of cash expenditures for Family Living, Page 32. Circle tax deductible items not included in special tax deductible section.

CLOTHING & PERSONAL APPEARANCE						*TRANSPORTATION*	*DEVELOPMENT*				*TAX DEDUCTIBLES*			
Father	Mother	Others				Car, Upkeep, Purchase,	Family Cash Allow-ances	Edu-cation	Recrea-tion	Gifts Outside Family	Contri-butions	Medical Care	Interest	Taxes

(For Sample entry and suggestions on where to list items see page 6.)

DATE	LIST ITEMS (Kind, Amount and Price)	*SECURITY* Life Insurance	Retirement, Social Security	Savings, Stocks, Bonds, Investments	*FOOD* Groceries	Meals Out, School Lunches,	*HOUSING* Operation	Furnishings, Equipment	Rent, Mortgage	Repairs, Insurance
	PLANNED									
	Total Expense for Month									

Carry monthly totals to yearly summary of cash expenditures for Family Living, Page 32. Circle tax deductible items not included in special tax deductible section.

Month of .19 . . . . . .

CLOTHING & PERSONAL APPEARANCE						TRANSPORTATION	DEVELOPMENT				TAX DEDUCTIBLES			
		Others												
Father	Mother					Car, Upkeep, Purchase,	Family Cash Allowances	Education	Recreation	Gifts Outside Family	Contributions	Medical Care	Interest	Taxes

(For Sample entry and suggestions on where to list items see page 6.)

DATE	**LIST ITEMS** (Kind, Amount and Price)	*SECURITY*			*FOOD*		*HOUSING*			
		Life Insurance	Retirement, Social Security	Savings, Stocks, Bonds, Invest-ments	Groceries	Meals Out, School Lunches,	Operation	Furnish-ings, Equip-ment	Rent, Mortgage	Repairs, Insurance
	PLANNED									
	Total Expense for Month									

Carry monthly totals to yearly summary of cash expenditures for Family Living, Page 32. Circle tax deductible items not included in special tax deductible section.

Living Expenses and Savings

Month of ....19......

CLOTHING & PERSONAL APPEARANCE						TRANSPORTATION	DEVELOPMENT				TAX DEDUCTIBLES			
		Others												
Father	Mother					Car, Upkeep, Purchase,	Family Cash Allow-ances	Edu-cation	Recrea-tion	Gifts Outside Family	Contri-butions	Medical Care	Interest	Taxes

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	PLANNED									
	Total Expense for Month									

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Month of .... 19 ......

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		Others												
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	PLANNED									
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Month of ....19......

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	PLANNED									
	Total Expense for Month									

Carry monthly totals to yearly summary of cash expenditures for Family Living, Page 32. Circle tax deductible items not included in special tax de-ductible section.

Living Expenses and Savings

Month of ....19......

CLOTHING & PERSONAL APPEARANCE						TRANSPORTATION	DEVELOPMENT				TAX DEDUCTIBLES			
		Others												
Father	Mother					Car, Upkeep, Purchase,	Family Cash Allowances	Education	Recreation	Gifts Outside Family	Contributions	Medical Care	Interest	Taxes

Record of Family

(For Sample entry and suggestions on where to list items see page 6.)

DATE	LIST ITEMS (Kind, Amount and Price)	SECURITY			FOOD		HOUSING			
		Life Insurance	Retirement, Social Security	Savings, Stocks, Bonds, Invest-ments	Groceries	Meals Out, School Lunches,	Operation	Furnish-ings, Equip-ment	Rent, Mortgage	Repairs, Insurance
	PLANNED									
	Total Expense for Month									

Carry monthly totals to yearly summary of cash expenditures for Family Living, Page 32. Circle tax deductible items not included in special tax deductible section.

Living Expenses and Savings

Month of ....19......

CLOTHING & PERSONAL APPEARANCE						*TRANSPORTATION*	*DEVELOPMENT*				*TAX DEDUCTIBLES*			
		Others												
Father	Mother					Car, Upkeep, Purchase,	Family Cash Allowances	Education	Recreation	Gifts Outside Family	Contributions	Medical Care	Interest	Taxes

(For Sample entry and suggestions on where to list items see page 6.)

DATE	LIST ITEMS (Kind, Amount and Price)	*SECURITY*			*FOOD*		*HOUSING*			
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	PLANNED									
	Total Expense for Month									

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Living Expenses and Savings

Month of .19 . . . . . .

CLOTHING & PERSONAL APPEARANCE						*TRANSPORTATION*	*DEVELOPMENT*				*TAX DEDUCTIBLES*			
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DATE	LIST ITEMS (Kind, Amount and Price)	Life Insurance	Retirement, Social Security	Savings, Stocks, Bonds, Investments	Groceries	Meals Out, School Lunches,	Operation	Furnishings, Equipment	Rent, Mortgage	Repairs, Insurance
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		Others												
Father	Mother					Car, Upkeep, Purchase,	Family Cash Allow- ances	Edu- cation	Recrea- tion	Gifts Outside Family	Contri- butions	Medical Care	Interest	Taxes

(ROUND ALL FIGURES

	Income		Savings, Invest-ments		Food		Household Operation		Furnishings, Equipment		House Payment, Upkeep		Repairs, Insurance		Personal, Clothing, Gifts	
Month	Est.	Actual	Plan	Used	Plan	Used	Plan	Used	Plan	Used	Plan	Used	Plan	Used	Plan	Used
Jan.																
Feb.																
Mar.																
Apr.																
May																
June																
July																
Aug.																
Sept.																
Oct.																
Nov.																
Dec.																
Totals for the year																
Estimates for the year																
Difference plus or minus																
Totals unaccounted for																
Estimate for next year																

Summary Of Expenditures 19___

TO NEAREST DOLLAR)

Transportation		Allowances		Education		Recreation		Gifts Outside the Family		Contributions		Medical Care		Interest		Taxes	
Plan Used		Plan Used		Plan Used		Plan Used		Plan Used		Plan Used		Plan Used		Plan Used		Plan Used	

Net Worth Statement

WHAT WE OWN	Estimated Value of				WHAT WE OWE	Unpaid Balance on or Amount of			
Assets	Jan. 1		Dec. 31		Liabilities	Jan. 1		Dec. 31	
House & lot					Home mortgage				
Other real estate					Home improvement loan				
Automobile(s)					Automobile(s)				
Furnishings					Furnishings				
Equipment					Equipment				
Clothing and jewelry					Clothing and jewelry				
Lawn mower and tools					Lawn mower and tools				
Government bonds					Gasoline credit				
Stocks, bonds, securities					Installment contracts				
Life insurance(s) cash values					Medical or hospital bills				
Retirement program(s)					Dental bills				
Money owed to us					Personal loans				
Savings account(s)					Charge accounts				
Checking acc't balance					Pledge(s) to church, etc.				
Cash on hand					Other				
Other					Other				
Total assets					Total liabilities				

To find net worth subtract from the	Jan. 1, 19____		Dec. 31, 19____	
Total you own				
The total you owe				
This is your net worth in dollars				
Increase or decrease during year				