

Irregular Income Planning (Instructions)

Many people have an “irregular” income, which simply means that their compensation fluctuates from month to month. This is especially common for the self-employed, as well as commission-based salespeople. While this makes it more difficult to predict your income, you are still responsible for doing a monthly budget!

The “Monthly Cash Flow Plan” (Form 5) should remain a crucial part of your plan, as it lays out exactly how much money you need to bring home each month to survive and prosper. However, instead of doing the “Allocated Spending Plan” (Form 7), you will use this “Irregular Income Planning” sheet.

On this form, simply look at the individual items from your “Monthly Cash Flow Plan” sheet and prioritize them by importance. Ask yourself, “If I only have enough money to pay one thing, what would that be?” Put that at the top of your list. Then, ask yourself, “If I only have enough money to pay one more thing, what would that be?” That’s number two. Keep this up all the way down the list.

With your list in place, you’re ready to get paid. If you get a \$1,500 paycheck, you will spend that \$1,500 right down the list until it is gone, recording the cumulative amount spent in the “Cumulative Amount” column. At that point, you’re finished spending, no matter what remains unpaid on the list. That’s why the most important things are at the top of the list, right?

Be prepared to stand your ground. Things usually have a way of seeming *important* when they are only *urgent*. For example, a once-in-a-lifetime opportunity to see your favorite band perform live may seem *important*, but in reality, it is only *urgent*, meaning that it is time-sensitive. Urgency alone should not move an item to the top of this list!

