

Using PlanToSpend for Budgeting and Tracking Savings

The [PlanToSpend tracker](#) is loosely based on the guideline that you should target 50% of your **post-tax, take-home income** at your **Needs** (mandatory expenses like housing and food), 30% of your income at **Wants** (subscriptions, eating out, etc), and 20% of your income at savings or debt reduction.

The first two, **Needs** and **Wants**, are pretty straightforward in terms of how to budget and track – you can use the Spending Plan tab to itemize your expenses and the Transactions tab to track all of your expenses.

But, the third category is less straightforward for a few reasons. Depending on your particular situation, how you leverage the tracker for Savings may vary.

How do you calculate 30% – pre- or post-tax?

If you have access to a retirement account, like a 401(k), then it's generally very advantageous to your long-term financial goals to reduce your take-home pay by contributing to pre-tax and/or Roth accounts. This might be a very good reason to budget less than 30% of your post-tax income toward savings.

 **Tip:** If you are primarily focusing your savings on retirement accounts that are deducted before they hit your paycheck hits your bank account, then you probably need to adjust your Needs/Wants/Savings ratios. In the Spending Plan tab, adjust the RATIO value:

TYPE	MINIMUM TO COVER EXPENSES	RATIO	STATUS
NEEDS	64.19%	64.5%	✓
WANTS	32.66%	33.0%	✓
SAVINGS	2.16%	2.5%	✓
<i>Total</i>	99.0%	100.0%	✓

Does your Saving's budget include debt reduction?

Some financial advice will tell you to prioritize paying down high-interest debt (e.g., credit cards) before you focus on savings. While that's broadly true, how you prioritize savings vs. debt is really a personal decision – even if you have high credit card debt, having a month of expenses saved may help you from incurring even more credit card debt if, for example, your car breaks down.

In the 50/30/20 budget method, if you are making **principal payments** on a debt – meaning you are paying extra on top of your minimum monthly payment, then you should categorize it under the Savings/Debt category.

Tip: If your budget plan includes making principal payments, I suggest creating different Categories (in the Setup tab) for your debt payments and any other savings goals you might have. You can track progress against the Debt payment similar to how you track your Needs and Wants expenses – just tag the transaction with the corresponding category.

Do you want to track recurring contributions or net cash flow?

How you track other types of savings will probably depend on your workflow and if you would like to track recurring savings contributions OR you want to track “what’s left” and direct that money toward a savings goal.

Fixed/Recurring Transfers

If your savings are fixed - for example you set aside \$400/month for a backup fund – then you can track how much you are “saving” by treating what you set aside as a transaction in the PlanToSpend Transactions tab.

You can see how much you’ve set aside for Savings from the Annual tab:



Variable/What’s left

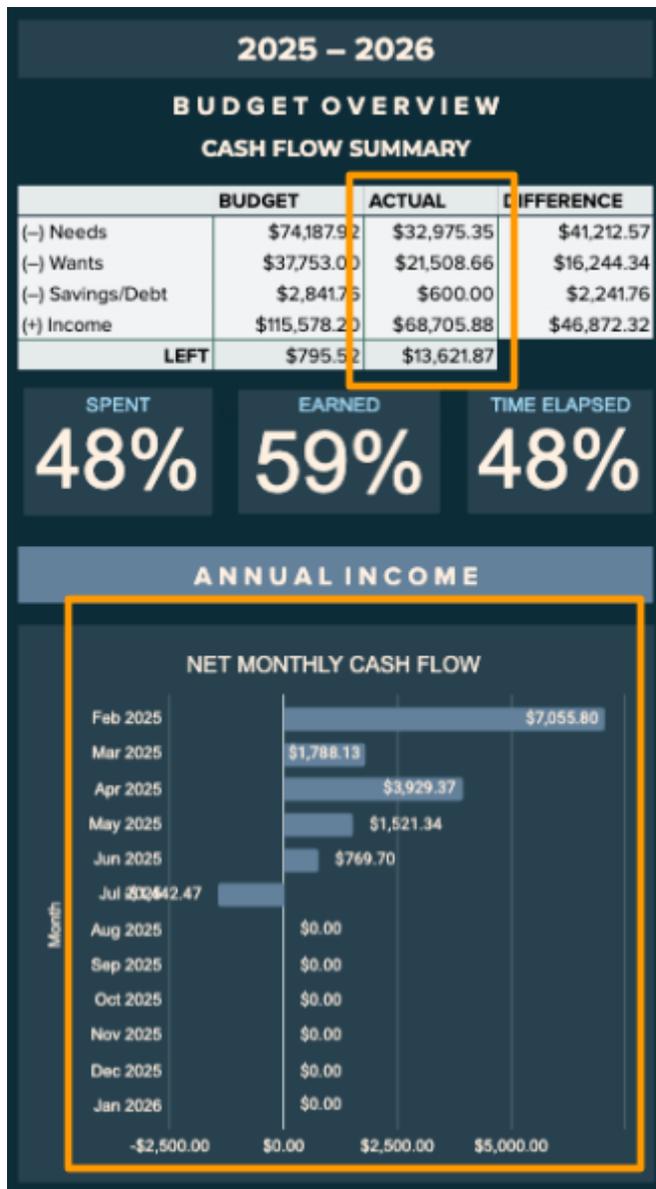
If your savings are more variable, then you may be more interested in understanding “what’s left after my needs and wants that I can direct toward savings?” To do that in PlanToSpend, I recommend using the net cash flow feature described below.

What is your net cash flow?

In PlanToSpend, you track your “actuals” separately from your spending plan by entering transactions in the Transactions tab. These transactions always represent “money going out” (unless they are tagged as Income or Ignored), which works well for needs, wants, and debt. But for savings, you may be more interested in “money coming in” and “what’s left” after those other commitments have been met. This is known as your net cash flow.

If you are primarily interested in understanding **what is left** in your budget so that you can direct funds to a particular place (e.g., a high-yield savings account, a brokerage account), then you can do this by monitoring the Net Cash Flow portion of the Annual tab.

The CASH FLOW SUMMARY table provides an annual total of funds remaining from your actual income logged in the Transactions tab after deducting all of the “money going out.” If you want to see this by month, use the chart below.



Whether or not you want to further track **what is left** toward savings goals is up to you.

Recommended

If you move the “remaining” funds to a brokerage account or a high-yield savings account that you don’t consider part of the money that you use to fund your day-to-day life, then log this as a Transaction and categorize it with a Category with the Savings/Debt type. You can track how you’re doing against savings goals just like any other category Type.

Alternative

If you leave the funds in place, then I recommend just using the Net Cash Flow feature to understand your remaining income and don’t try to represent this money on the Transactions tab. You won’t be able to track your actual savings against your Spending Plan savings goal in the same way that you can with Needs and Wants, but you can still compare your Actual “Left” amount against your Savings “Budget” goal manually to see how you are progressing.