NURTURING THE NEST EGG:
A BUSINESS APPROACH TO PERSONAL FINANCIAL PLANNING

This article is designed to provide "PFP Phase I" advice to investors in their 20s.
Similar articles are under development for investors in every stage of life.
Phase I is the deterministic investment plan; Phase II is the probabilistic risk management plan.

Will you be bankrupt on your 100th birthday?

For over twenty years, weather man Willard Scott has been wishing new centenarians a "happy 100th birthday" on NBC's Today show. Although he has retired from his meteorological duties, he still appears on the show, courtesy of Smucker's grape jelly, to congratulate a dozen such individuals each week.

Willard may be thankful, though, that his work load of weekly honorees has not grown proportionately with the population of centenarians. The US Census Bureau estimates that the size of this group is soaring during his tenure, from 15,000 in 1980 to a projected 131,000 in 2010. And by 2050, the year in which today's 57 year olds will turn 100, the Bureau anticipates a population of 834,000 centenarians in the United States, with medical technology possibly increasing the size of the group to as many as 4.2 million individuals.

Longevity is indeed a gift, but is it one that you are prepared to finance? If you don't begin saving in earnest for retirement until age 30, and if you plan to retire at age 65, will you deplete your 35 years of savings after 35 years of retirement?

Although the typical young business professional may not specialize in personal financial planning, (s)he does know a thing or two about business planning. Thus, when you begin to grapple with this thorny issue for yourself (and perhaps for your family members and colleagues as well), it may be helpful for you to consider a business oriented approach to nurturing your proverbial nest egg.

Step 1: Mission and model

Business plans generally begin with a statement of mission and a description of the business model. A mission statement explains what a firm is striving to accomplish, and a business model explains how a firm intends to achieve its mission.

Personal financial plans should also begin in this manner. Lifestyle preferences need to be defined, debated, and agreed upon by all members of the immediate family. For instance, if a wage earner wishes to live in an urban area to avoid a lengthy commute, but if a non-working spouse prefers an exurban area to raise children, one possible solution is to maintain a pair of homes. Whether that leads to (a) a primary residence in the suburbs and a pied-a-terre near the office, or (b) a primary residence in the city and a weekend home at the shore, a dual home solution would undoubtedly support the family's mission. Obviously, it would also impact the family's ability to accumulate a nest egg of wealth.

It may be helpful to pursue these lifestyle decisions from a perspective of personal values; for instance, an individual might reflect on whether his life mission is primarily one of pursuing personal happiness or personal wealth. When diagnosed with cancer, Senator Paul Tsongas of Massachusetts declined to run for re-election to spend more time with his family. And later in life, he walked away from a lucrative private law practice to run for President.

Mr. Tsongas explained "No man on his deathbed ever said 'I wish I had spent more time at the office." However, other stories abound of individuals who may have placed too much emphasis on personal happiness and too little on personal wealth. The heavyweight boxing champion Joe Louis, for instance, earned large sums of money, lived well, supported his family, and made huge donations to World War II military relief funds and the city of Detroit. However, he neglected to pay income taxes, and his ensuing struggles with the Internal Revenue Service left him penniless.

Mr. Louis survived in his senior years by working as a greeter in a Las Vegas casino; is this the type of position that you wish to find yourself in at age 100? It takes a lot of time and effort to build and maintain a nest egg, and thus it takes a business planner's mentality to build a career model that can generate sufficient earnings to last a lifetime. In Mr. Louis' case, a little less generosity and a little more savings, combined with some better tax and professional marketing advice, might have enabled him to enjoy a period of true retirement.

Step 2: Volume

The lifeblood of any business plan is sales volume. After all, revenue increases as volume increases, and thus more resources become available to meet the operating, investing, and financing needs of the organization. Over the lifetime of a business, timing is crucial; for instance, it may be wise to invest in research and development if such activities can (a) generate sufficient profits during a product's future growth stage to justify its initial investment, and (b) generate sufficient free cash flow during its stages of maturity and decline to pay for the development of the next generation of products.

A business approach to personal financial planning addresses many of these same issues. Early in their careers, individuals invest huge amounts of time and money in personal education to develop the skills and credentials that generate career growth. They later work extremely long hours, taking on weekend assignments and/or second jobs, to maximize their wage earnings. When they hit glass ceilings and their careers plateau, they reinvest in continuing education to develop new skills and research new career opportunities.

With their personal missions and career models in mind, and with the specter of a Joe Louis style fate haunting their lives, many individuals thus invest huge amounts of time churning out work hours and generating earnings ...

... until they burn out from exhaustion, long before their nest eggs have grown to a size that is needed to finance their retirement years.

Ironically, such individuals often become victims of their own success. According to Greg Coghlan, a financial advisor with Merrill Lynch in Stamford, CT, "The more clients you obtain, the more successful you become. But if you allow your practice development efforts to outpace your service capabilities, you can find yourself on the phone and in the car an exhausting 24 hours a day. An exhausted advisor has no time or energy to help clients think creatively about their futures."

Paul Hammerschmidt, Tax Director of Nonprofit Services for BDO Seidman LLP in New York City, agrees. "Some tax professionals spend their days and nights attempting to memorize every detail of the tax code. A good tax advisor, though, dedicates time to understanding the primary tenets of the law, and locates the resources to be consulted when such details are necessary. That leaves more time for reflection, for life long education, and for recharging batteries with family and friends."

From a theoretical business perspective, there is a process flow "pipeline" solution to such problems. In theory, one should invest "just enough" resources in education to produce "just enough" employment opportunities. Those opportunities should lead to "just enough" work hours that are needed to generate "just enough" wages. And those wages should be used to pay "just enough" of the costs that must be expended to support one's lifestyle and achieve one's personal mission, while contributing "just enough" to a nest egg in order to ensure a secure retirement.

Presumably, the amount of time required over a lifetime to fill this pipeline will not consume every waking hour. So what should an individual do with extra time? Kick back and relax! Take a vacation! In other words, embrace the spare time and enjoy it.

Table 1 contains an example of an amortization spreadsheet that may be helpful in concretizing this theoretical pipeline. This 27 year old male graduated college at age 21 and enjoyed life for four years before establishing an investment plan. He wishes to live and invest conservatively, to retire at age 65 on a relatively modest $80,000 per year stipend, and to remain financially independent through age 105. He also wishes to marry, raise a family, and leave between $500,000 and $1,000,000 to his great grandchildren.

According to Table 1, he can achieve these goals by contributing $18,000 (plus inflation) to his nest egg each year from age 25 to 64, and then withdrawing $80,000 (plus inflation) each year from age 65 to 105. In other words, for him, forty years of work can indeed finance forty years of retirement, and once he finances his lifestyle needs and nest egg contributions out of his earnings each year, he can dedicated the remainder of his time to the pursuit of happiness.

Step 3: Costs

Cost projections lie at the heart of any business plan. After all, a company cannot estimate its capital requirements until it has tallied the costs that require financing. Furthermore, a company can only evaluate a proposed pricing strategy once it knows how much revenue is needed to cover its period operating costs, and thus how much would remain to produce profits for reinvestment purposes.

A business planner quickly learns that cost minimization is a key strategy for success. When operating costs are minimized, more revenue is converted to profits, and thus more earnings are available for reinvestment activities. Furthermore, more earnings lead to less reliance on capital fund raising activities, and thus lower costs of debt and equity.

When implementing a business approach to financial planning, the corollary approach is to adopt a reasonably frugal lifestyle at a relatively young age, thereby minimizing personal expenses and maximizing funds available for retirement savings throughout one's lifetime. In the best seller "The Millionaire Next Door," authors Thomas Stanley and William Danko review mountains of survey data and conclude that the large majority of America's affluent accumulated their personal wealth by living conservatively. For the past forty years, for instance, billionaire Warren Buffet has lived in a gray stucco home in Omaha, Nebraska, one that he originally purchased for only $31,500.

Mr. Buffet began his investment career at age 11, when he purchased his first stock, and his entrepreneurial career at age 14, when he purchased 40 acres of farmland and leased them to a farmer. Such an early start to personal financial planning is valuable because it allows an individual to reap the full benefits of compound interest, and thus enables his nest egg to grow on the strength of its own investment earnings and not rely solely on annual financial contributions.

Using the pipeline perspective noted above, an individual should spend enough time at work to generate sufficient revenue to finance all living necessities (and perhaps a few minor luxuries as well), leaving enough surplus revenue to cover his annual retirement investment contribution to his nest egg. The earlier an individual begins saving for retirement, and the more frugally he manages his living expenses, the easier it becomes to cover his annual contribution and generate some "left over" earnings as well.

What should an individual do with any "left over" earnings? A good risk manager might advise the establishment of a "rainy day" fund to cover any unexpected cost increases in the future. On occasion, it may also be acceptable to let loose and use such earnings to splurge on an indulgence or two, as long as (a) the nest egg is growing according to plan, and (b) the indulgences do not drive up future living costs.

Table 2 is an extension of Table 1; our friend remains a 27 year old man who has begun his third year of building a nest egg. He is earning $100,000 per year, falls within the 30% income tax bracket, rents a reasonably frugal apartment, and drives a small automobile. Including income tax payments, his total living costs are $80,000 per year, leaving him with $20,000 in surplus earnings to invest in his nest egg.

As indicated in Table 1, his nest egg only requires an annual contribution of $19,096 in 2007, and thus he has generated excess earnings of over $900 for the year. What should he do with this windfall? One option might be to begin saving for a future down payment on a home; if he chooses this option, he might wish to add a line item entitled "contributions to home savings fund" to his Table 2 in future years. Another option, though, might be to simply splurge on a weekend at the seashore, content in the knowledge that he isn't robbing his nest egg of necessary funds.

Some individuals splurge on "big ticket" items such as jumbo size homes, new automobiles, country club memberships, and luxury yachts. They define these assets as "necessities" because their friends and neighbors possess them, and sometimes define them as "business investments" as well because their clients expect them to own them. Because such "business investments" generate operating costs that might jeopardize their ability to make future nest egg contributions, though, these individuals might be better served by indulging in small luxuries and not large ones.

Step 4: Revenue

If costs lie at the heart of any business plan, revenue is the lifeblood that runs through it. In Step 2, volume was described as a generator of revenue, which builds profits, capital, and reinvestment funds.

There are other approaches, though, that can be taken to generate revenue. For instance, a business might increase its sales price while maintaining its sales volume. It might also generate income from ancillary lines of business and/or from investing in marketable securities.

When an individual works long hours to maximize his earnings, he is choosing to boost his revenue by increasing volume. If instead he decides to "job hop" from position to position in order to maximize his salary, he is choosing to do so by increasing his wage "price." And if he dedicates a significant amount of time to investing his nest egg wisely, he is choosing to do so by boosting non-wage investment income.

Which of these approaches is the optimal one? Each may be effective in boosting revenue, but each features its share of drawbacks as well. Job hopping, for instance, can generate a large number of financial and nonfinancial burdens in terms of unreimbursed moving expenses, transition pressures, and "burn out" from moving too frequently. IBM employees, for instance, once quipped that their corporate acronym stood for "I've Been Moved," yet those very employees rebelled at the human cost that constant job transfers imposed on their family lives.

Obviously, there are natural limits to an individual's ability to boost personal revenue by working longer hours and job hopping for higher salaries. Michael Christie, a financial advisor working with Greg Coghlan at Merrill Lynch, agrees with this observation, and thus encourages individuals to increase their revenue by optimizing their investment strategies.

Christie explains, "Most investors will never achieve their retirement goals by stuffing their earnings in a mattress or, for that matter, a bank money market fund. But with the equity markets returning 7% to 8% over the long term, and with much of those returns absorbed by mutual fund and investment management fees, most investors will never achieve their personal objectives. Assessing investment production on a "net after expenses" basis, and then comparing actual performance to relevant market benchmarks, is the only way for investors to determine whether they are successfully making progress."

"The optimal approach must therefore be to adopt a disciplined, diversified, long term financial management program at a relatively early age, and to ride out the peaks and valleys of market volatility in order to maximize investment return. By starting early and investing excess returns steadily each year, an individual can accumulate a sizable nest egg at a relatively early age, thereby creating a large pool of funds for purposes of income generation. And by diversifying a nest egg into a reasonable range of asset holdings, an individual can apply principles of active investment risk management to earn returns that might exceed what might otherwise be earned by passively investing."

Table 3 continues the illustration of our 27 year old friend. Because his full time salary is more than sufficient to cover his living expenses and annual retirement plan contributions, he does not feel the need to increase his revenue beyond $100,000 per year by working overtime, taking a second job, or job hopping for a higher salary. Furthermore, as long as his nest egg generates the $2,314 in earnings that it requires (as noted in Table 1) for its growth to remain on schedule, he does not feel the need to modify his personal investment strategy.

Step 5: Return on investment and value added

The first four steps of a business plan describe the mission, model, volume, cost, and revenue expectations of an organizational venture. Thus, after completing the fourth step, a business planner knows whether or not a venture is going to support its mission and generate a profit.

However, at that stage, a planner does not yet know whether the level of profits to be generated are sufficient to justify the amount of time, effort, and resources initially invested in the venture. Furthermore, a planner does not yet know whether the venture will add sufficient economic value to the organization. Thus, return on investment (ROI) and economic value added (EVA)calculations are required in Step 5 to address these issues.

From a personal financial planning perspective, such calculations are tricky because they require individuals to reflect on their personal values (as expressed in Step 1) and decide how they wish to employ their nest egg near (or at) the end of their lives. One cause of this "trickiness" is the high degree of uncertainty regarding the amount of resources that may be consumed by health and long term care needs.

Ted Williams, the legendary hitter for the Boston Red Sox, sparked an estate battle among his three children by failing to clarify his preferences in his will, thereby allowing his eldest son John Henry to elect to cryogenically freeze his corpse's decapitated head. His daughter revealed that John Henry hoped to sell his DNA for cloning purposes, and that he believed the value of his father's DNA might far outweigh the value of his other inherited assets.

Although the cost of cryogenic storage may not be relevant to individuals who prefer to be interred in more traditional settings, the cost of serving the health and long term care needs of the geriatric eldery can be crippling. Because much of these costs are not covered by Medicare or Medicaid, an individual may need to plan for a very large nest egg if he wishes to pay for his own care and also leave a large inheritance to his descendants and/or to society.

And thus Step 5 completes this business approach to financial planning by requiring individuals to reflect on their life mission and personal values and address such questions as: (a) what do I hope to accomplish in life? (b) should my contribution to my family and society be composed primarily of the time that I spend with them, or should it include significant financial contributions as well? (c) if I do wish to make financial contributions, should I do so while I am alive, or should I wait to do so through my estate? and (d) how much of my estate do I owe to my children, and how much do I owe to society?

Paul Hammerschmidt cautions that the tax implications of such decisions can be significant. "The federal tax code is in a state of upheaval regarding the estate tax, which is on track to decline to 0% in 2010, only to bounce back to 55% in 2011! Some individuals believe that the United States government will never follow through by reinstating the tax after repealing it in 2010, but a prudent individual with significant personal wealth should never risk 55% of his fortune on that possibility."

"There are numerous tax strategies to deal with this issue. For instance, some affluent individuals establish 'new age' family foundations shortly after they retire, and hire members of their family to assist in the distribution of funds. In a sense, such entities require children to earn their inheritances through employment contracts, and provide affluent individuals with the satisfaction of being alive to observe the impact of their wealth on the needs of society."

There is no “right or wrong” answer to such questions. Warren Buffet, for instance, famously decided to donate most of his wealth to the Bill & Melinda Gates Foundation, leaving relatively little to his children. Sam Walton, however, left most of his fortune to his descendants; today five of the eleven wealthiest Americans on the Forbes 400 list are Sam's heirs.

Next three steps: Plan, plan, plan ...

The issues raised in this article may strike some as overwhelming. It is, after all, quite a stretch to ask a 27 year old to begin building a nest egg that needs to be nurtured over forty years of employment. It is even more of a stretch to ask him to develop an investment plan that can produce a significant estate eighty years in the future for beneficiaries who may not be born for decades!

Nevertheless, the best time to begin building a nest egg is during an individual's early career years, given the power of compounding to provide for long term growth. The essentials of investing, though, remain the same for individuals of any age: to understand one's personal priorities, to select a career model, to work hard (but not too hard) to generate revenue, to live conservatively, to maximize savings, and to contribute steadily to building a nest egg that can ensure financial independence and (perhaps) provide for others as well.

So where should you begin? Here are three steps to help you get started:

Step A: Draft your tables. Review Tables 1 through 3, and then draft your own versions. Are the nest egg values in Table 1 sufficient to ensure your financial independence throughout your projected lifetime, taking into account the elongated life span that you may enjoy? And does Table 1 end with a terminal nest egg value that is sufficient to meet your desire to leave something to your descendants and/or to society? If you can answer “yes” to both of these questions, then your plan is sound, though you must remain diligent in implementing it!

There is no excuse for failing to draft these tables; they represent simple bookkeeping chores for any young business professional. Although you may struggle a bit to estimate the required inputs, the best approach is to simply make your best educated guesses, cross your fingers, and then ponder the bottom line.

Step B: Consider alternative investment strategies. Do not despair if you complete Step A and realize that the size of your nest egg is projected to fall short of your goals. Many individuals find themselves in this position for various reasons: perhaps they did not begin saving early in their careers, perhaps they made ill advised investments, and/or perhaps they realized late in life that their retirement needs would cost more than initially projected.

If this is the case, you should consider consulting with a financial advisor to assess the appropriateness of your investment strategy in light of your risk/return profile. It may be possible to position your portfolio to earn a few extra percentage points of return without incurring an undue amount of risk; such additional returns might make a significant difference as they accrue over the decades of your life.

If you take this action and your nest egg remains insufficient to achieve your goals, then it may be necessary to rethink Steps 1 through 5 of this article. In other words, you may need to consider downscaling your lifestyle and your expectations, working longer hours, and/or postponing your retirement plans. Such options are certainly not pleasant to dwell upon, but you must remember that you are far better off addressing them during your prime working years than your geriatric senior years.

Step C: Consider new trust and foundation giving options. Do not grow complacant if you complete Step A and realize that Step B is irrelevant because the size of your nest egg is more than sufficient to finance your life goals. In certain respects excess wealth is a blessing, but it can also be a curse if you do not establish clear guidelines regarding your wishes and priorities.

If you find yourself in this position, you should consider consulting with a tax advisor and/or an estate planning attorney to draft the appropriate legal documents. They will undoubtedly ask you about your planned giving preferences regarding the beneficiaries of your assets and whether you wish to distribute them before or after your death; thus it might be helpful to decide on your priorities before you contact them.

As recently as 1990, an American male who survived to age 65 only possessed a life expectancy of 80 years, and thus only required a nest egg that could support him for 15 years. Given the recent explosion of medical technology and its ability to delay our mortality, though, you will need a much more proactive business approach to personal financial planning to ensure a prosperous future.

TABLE 1:
AMORTIZATION SPREADSHEET
(PRE-RETIREMENT)

			3.00%	4.00%	
Year	Age	Beg Bal	+ Contrib	+ Earnings	End Bal
2005	25	$0	$18,000	$720	$18,720
2006	26	$18,720	$18,540	$1,490	$38,750
2007	27	$38,750	$19,096	$2,314	$60,160
2008	28	$60,160	$19,669	$3,193	$83,023
2009	29	$83,023	$20,259	$4,131	$107,413
2010	30	$107,413	$20,867	$5,131	$133,411
2011	31	$133,411	$21,493	$6,196	$161,100
2012	32	$161,100	$22,138	$7,330	$190,568
2013	33	$190,568	$22,802	$8,535	$221,904
2014	34	$221,904	$23,486	$9,816	$255,206
2015	35	$255,206	$24,190	$11,176	$290,572
2016	36	$290,572	$24,916	$12,620	$328,108
2017	37	$328,108	$25,664	$14,151	$367,922
2018	38	$367,922	$26,434	$15,774	$410,130
2019	39	$410,130	$27,227	$17,494	$454,851
2020	40	$454,851	$28,043	$19,316	$502,210
2021	41	$502,210	$28,885	$21,244	$552,339
2022	42	$552,339	$29,751	$23,284	$605,374
2023	43	$605,374	$30,644	$25,441	$661,458
2024	44	$661,458	$31,563	$27,721	$720,742
2025	45	$720,742	$32,510	$30,130	$783,382
2026	46	$783,382	$33,485	$32,675	$849,542
2027	47	$849,542	$34,490	$35,361	$919,394
2028	48	$919,394	$35,525	$38,197	$993,115
2029	49	$993,115	$36,590	$41,188	$1,070,893
2030	50	$1,070,893	$37,688	$44,343	$1,152,925
2031	51	$1,152,925	$38,819	$47,670	$1,239,413
2032	52	$1,239,413	$39,983	$51,176	$1,330,572
2033	53	$1,330,572	$41,183	$54,870	$1,426,625
2034	54	$1,426,625	$42,418	$58,762	$1,527,805
2035	55	$1,527,805	$43,691	$62,860	$1,634,355
2036	56	$1,634,355	$45,001	$67,174	$1,746,531
2037	57	$1,746,531	$46,351	$71,715	$1,864,598

2038	58	$1,864,598	$47,742	$76,494	$1,988,833
2039	59	$1,988,833	$49,174	$81,520	$2,119,528
2040	60	$2,119,528	$50,650	$86,807	$2,256,985
2041	61	$2,256,985	$52,169	$92,366	$2,401,520
2042	62	$2,401,520	$53,734	$98,210	$2,553,464
2043	63	$2,553,464	$55,346	$104,352	$2,713,163
2044	64	$2,713,163	$57,006	$110,807	$2,880,976

**TABLE 1 (CONTINUED):
AMORTIZATION SPREADSHEET
(POST-RETIREMENT)**

			3.00%	4.00%	
Year	Age	Beg Bal	+ Contrib	+ Earnings	End Bal
2045	65	$2,880,976	-$80,000	$112,039	$2,913,015
2046	66	$2,913,015	-$82,400	$113,225	$2,943,840
2047	67	$2,943,840	-$84,872	$114,359	$2,973,326
2048	68	$2,973,326	-$87,418	$115,436	$3,001,345
2049	69	$3,001,345	-$90,041	$116,452	$3,027,756
2050	70	$3,027,756	-$92,742	$117,401	$3,052,415
2051	71	$3,052,415	-$95,524	$118,276	$3,075,166
2052	72	$3,075,166	-$98,390	$119,071	$3,095,847
2053	73	$3,095,847	-$101,342	$119,780	$3,114,286
2054	74	$3,114,286	-$104,382	$120,396	$3,130,300
2055	75	$3,130,300	-$107,513	$120,911	$3,143,698
2056	76	$3,143,698	-$110,739	$121,318	$3,154,278
2057	77	$3,154,278	-$114,061	$121,609	$3,161,826
2058	78	$3,161,826	-$117,483	$121,774	$3,166,117
2059	79	$3,166,117	-$121,007	$121,804	$3,166,914
2060	80	$3,166,914	-$124,637	$121,691	$3,163,968
2061	81	$3,163,968	-$128,377	$121,424	$3,157,015
2062	82	$3,157,015	-$132,228	$120,991	$3,145,778
2063	83	$3,145,778	-$136,195	$120,383	$3,129,967
2064	84	$3,129,967	-$140,280	$119,587	$3,109,274
2065	85	$3,109,274	-$144,489	$118,591	$3,083,377
2066	86	$3,083,377	-$148,824	$117,382	$3,051,935
2067	87	$3,051,935	-$153,288	$115,946	$3,014,593
2068	88	$3,014,593	-$157,887	$114,268	$2,970,974
2069	89	$2,970,974	-$162,624	$112,334	$2,920,685
2070	90	$2,920,685	-$167,502	$110,127	$2,863,310
2071	91	$2,863,310	-$172,527	$107,631	$2,798,414
2072	92	$2,798,414	-$177,703	$104,828	$2,725,539
2073	93	$2,725,539	-$183,034	$101,700	$2,644,205
2074	94	$2,644,205	-$188,525	$98,227	$2,553,907
2075	95	$2,553,907	-$194,181	$94,389	$2,454,115
2076	96	$2,454,115	-$200,006	$90,164	$2,344,273
2077	97	$2,344,273	-$206,007	$85,531	$2,223,797

2078	98	$2,223,797	-$212,187	$80,464	$2,092,074
2079	99	$2,092,074	-$218,552	$74,941	$1,948,463
2080	100	$1,948,463	-$225,109	$68,934	$1,792,288
2081	101	$1,792,288	-$231,862	$62,417	$1,622,843
2082	102	$1,622,843	-$238,818	$55,361	$1,439,386
2083	103	$1,439,386	-$245,983	$47,736	$1,241,139
2084	104	$1,241,139	-$253,362	$39,511	$1,027,288
2085	105	$1,027,288	-$260,963	$30,653	$796,978

TABLE 2:
COST SPREADSHEET

Auto gasoline	$3,000
Auto insurance	$4,000
Auto payments	$2,000
Auto repairs	$600
Bus & Subway	$0
Cable TV	$960
Charity	$500
Child Care	$0
Computers	$5,000
Cosmetics	$0
Credit card interest	$0
Dentists	$400
Doctors	$600
Electricity	$1,200
Entertainment	$3,000
Eye glasses	$500
Gifts	$5,000
Groceries	$3,000
Health insurance	$0
Heat	$900
Hobbies	$900
Home Maintenance	$1,200
Home Repairs	$1,200
Income taxes (30%)	$30,000
Mortgage	$0
Pet care	$600
Property insurance	$500
Property taxes	$240
Publications	$600
Rent	$12,000
Telephone	$1,500
Trash	$300
Water	$300
Total	$80,000

TABLE 3:
REVENUE SPREADSHEET

Full Time Salary	$100,000
Overtime Pay	$0
Second Job	$0
Bonuses	$0
Bank Interest	$0
Other	$0
Total	$100,000

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