



everyday money™

**BUDGETING
BLOCKS™**

Budget Guide

INTRODUCTION

I once heard a financial psychologist say, “Anything you can say, you can show.” This stuck with me, and it’s something I was constantly trying to bring into my practice as a Certified Financial Planner™. After years of seeing clients frustrated with the traditional way of looking at their budgets (through spreadsheets), I knew there had to be a better way. And so, in every client meeting, I would try to find ways to show what we were talking about in a way that would really empower them.

THE STORY OF THE BUDGETINGBLOCKS™

The idea for BudgetingBlocks™ didn’t come to me right away, though. The real inspiration for this idea — the box you’ve just opened — came from one particular couple who were clients of mine. They were really struggling to figure out where their money was going and, even though they were well-off and gainfully employed, they didn’t know where their money was going. Meeting after meeting, we tried to find ways to communicate their budget, what they could do differently, and how they could get a hold on their money. They had tried every system out there and the husband would even view their bank account multiple times a week... but nothing really worked for them.

Finally, an idea struck: I’d show them with blocks. The kind that kids play with, that stack and come in different colors. I’d give each block a dollar amount, and I’d show them how each of their bills and expenses added up in blocks. I was so energized by this idea, and I couldn’t wait to try this exercise with them.

They loved it. Not only were they physically engaging with the blocks, but we were having really deep conversations about where their money was going, what feelings were coming up as they realized where they spending, and what they really wanted their “blocks” to do. The physical and 3-dimensional element of this exercise helped them see — in perfect clarity — where each dollar (or block) was going.

Then something really exciting happened: they began moving blocks around, talking about how they could cut “blocks” from one area and move it to areas that were more important to them. They also moved their mortgage “block” to their total debts, and they soon realized how much they were paying a month to debt — something that was against their values.

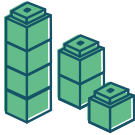
This exercise shifted something in those clients, and they felt empowered to change their spending, saving, and overall relationship with money. While it took work to find ways to move those blocks around, they understood what they needed to do to make changes so they could live the life they wanted.

After that meeting, I realized that this exercise wasn’t just perfect for those clients... it would be perfect for a lot of people. I began to process through the exercise, tweaking it so it would be even more impactful for future clients. I’ve used this exercise with countless couples and, while each discovers something different, everyone has discovered something impactful that changed the way they worked with and felt about their money.

I knew this was something that could benefit more couples out there — not just my clients. And this was how the BudgetingBlocks™ system was created.

HOW TO MAKE THE MOST OF THE BUDGETINGBLOCKS™

Today, the BudgetingBlocks™ system is a bit more robust than that initial exercise. In this box, you'll find:



300 BLOCKS IN
TWO COLORS



THE BUDGETING
BLOCKS VALUES
EXERCISE



EXPENSE
AND INCOME
TRACKER



YOUR NEW
BUDGET

To make the most of this kit, we ask that you fill out your Values Exercise before you start moving your blocks around; this will help you process through your blocks as you set them up, and make areas where you may be out of alignment clearer. Then, follow the instructions in the rest of this guide to calculate your blocks and stack them. Once you've got all your blocks stacked and you feel they accurately represent your income and expenses, answer questions based on the Values Exercise you did. Where are you in alignment? Where are you spending that doesn't reflect your values? Are there values that could be honored with "blocks" you have remaining?

The real value in this box doesn't come from just doing the Budgeting Blocks once. It comes from doing it as often as you need to make sure your money is going where you want it to go, and to help you visualize it in a way that is both fun and simple. It's also a great exercise to use during times of transition, whether you want to buy a house, have a baby, or have recently made a career change. Touching base with your money "blocks" frequently helps you keep an eye on the big picture, and also shows you that you're in control of where your money goes.

So... are you ready to get started?

Before you dive into playing with the blocks, please set aside time to follow the steps in the rest of this guide. You'll need to gather some financial information and collect expenses, so make sure to set aside at least a couple of hours to prepare!



01

PREPARING TO USE BUDGETING BLOCKS

PREPARING TO USE THE BUDGETINGBLOCKS™

Before you start using your BudgetingBlocks™, collect and identify your three most recent months of living expenses.

Don't worry if these were unusual months – life happens! The goal is to create a realistic picture of how you spend money. A three-month period will show trends in your overall spending.

First, identify what accounts you spend money out of. This can include checking accounts, savings accounts or credit cards. List them here:

The easiest way to gather your expenses is by referring to your bank or credit card statements. Alternately, check to see if your financial institution tracks and categorizes transactions online or through an app.

If your bank doesn't have a way for you to track your expenses in categories, you can utilize an account aggregator like [mint.com](https://www.mint.com). After you link your bank and credit card accounts to these sites, they will automatically categorize your expense for you. You'll want to be sure to review that the transactions are being recorded accurately. Edit and customize as necessary.

Remember, this isn't about perfection – if there's a category or two that aren't right, keep moving! You can make adjustments later.

If neither of the above two methods will work for you, a final option is to keep receipts and sort the expenses by hand into categories. Fill in the worksheet on the next three pages for all three months.

EXPENSE TRACKER

MONTH 1:

CATEGORY	EXPENSE
HOUSING	
<i>Rent/Mortgage</i>	
<i>Taxes</i>	
<i>Insurance</i>	
<i>Repairs</i>	
UTILITIES	
<i>Electric</i>	
<i>Gas</i>	
<i>Sewer/Trash</i>	
<i>Internet</i>	
<i>Phone</i>	
TRANSPORTATION	
<i>Car Payment</i>	
<i>Car Insurance</i>	
<i>Gas</i>	
<i>Maintenance</i>	
DEBTS	
<i>Credit Card 1</i>	
<i>Credit Card 2</i>	
<i>Student Loans</i>	
CHARITY	
<i>Tithes</i>	
<i>Charity</i>	

CATEGORY	EXPENSE
MEDICAL	
<i>Doctor Bills</i>	
<i>Medication</i>	
FOOD	
<i>Grocery</i>	
<i>Restaurants</i>	
PERSONAL/FAMILY	
<i>Entertainment</i>	
<i>Clothing</i>	
<i>Kid Supplies</i>	
<i>Cosmetics</i>	
<i>Medical</i>	
<i>Childcare</i>	
<i>Other Insurance</i>	
CHARITY	
<i>Tithes</i>	
<i>Charity</i>	
MISCELLANEOUS	

EXPENSE TRACKER

MONTH 2:

CATEGORY	EXPENSE
HOUSING	
<i>Rent/Mortgage</i>	
<i>Taxes</i>	
<i>Insurance</i>	
<i>Repairs</i>	
UTILITIES	
<i>Electric</i>	
<i>Gas</i>	
<i>Sewer/Trash</i>	
<i>Internet</i>	
<i>Phone</i>	
TRANSPORTATION	
<i>Car Payment</i>	
<i>Car Insurance</i>	
<i>Gas</i>	
<i>Maintenance</i>	
DEBTS	
<i>Credit Card 1</i>	
<i>Credit Card 2</i>	
<i>Student Loans</i>	
CHARITY	
<i>Tithes</i>	
<i>Charity</i>	

CATEGORY	EXPENSE
MEDICAL	
<i>Doctor Bills</i>	
<i>Medication</i>	
FOOD	
<i>Grocery</i>	
<i>Restaurants</i>	
PERSONAL/FAMILY	
<i>Entertainment</i>	
<i>Clothing</i>	
<i>Kid Supplies</i>	
<i>Cosmetics</i>	
<i>Medical</i>	
<i>Childcare</i>	
<i>Other Insurance</i>	
CHARITY	
<i>Tithes</i>	
<i>Charity</i>	
MISCELLANEOUS	

EXPENSE TRACKER

MONTH 3:

CATEGORY	EXPENSE
HOUSING	
<i>Rent/Mortgage</i>	
<i>Taxes</i>	
<i>Insurance</i>	
<i>Repairs</i>	
UTILITIES	
<i>Electric</i>	
<i>Gas</i>	
<i>Sewer/Trash</i>	
<i>Internet</i>	
<i>Phone</i>	
TRANSPORTATION	
<i>Car Payment</i>	
<i>Car Insurance</i>	
<i>Gas</i>	
<i>Maintenance</i>	
DEBTS	
<i>Credit Card 1</i>	
<i>Credit Card 2</i>	
<i>Student Loans</i>	
CHARITY	
<i>Tithes</i>	
<i>Charity</i>	

CATEGORY	EXPENSE
MEDICAL	
<i>Doctor Bills</i>	
<i>Medication</i>	
FOOD	
<i>Grocery</i>	
<i>Restaurants</i>	
PERSONAL/FAMILY	
<i>Entertainment</i>	
<i>Clothing</i>	
<i>Kid Supplies</i>	
<i>Cosmetics</i>	
<i>Medical</i>	
<i>Childcare</i>	
<i>Other Insurance</i>	
CHARITY	
<i>Tithes</i>	
<i>Charity</i>	
MISCELLANEOUS	

TRACKING INCOME

Determine your gross monthly income by finding out how much you are making before taxes are deducted. Collect your recent paystubs from your employer, making sure to include all paystubs if you are paid more than once a month.

GROSS INCOME 1 <i>(total employer pays):</i>	\$ _____
<i>Medical Insurance</i>	-\$ _____
<i>Taxes</i>	-\$ _____
<i>Other benefits</i>	-\$ _____
<i>Retirement Savings</i>	-\$ _____
NET INCOME:	\$ _____

GROSS INCOME 2 <i>(total employer pays):</i>	\$ _____
<i>Medical Insurance</i>	-\$ _____
<i>Taxes</i>	-\$ _____
<i>Other benefits</i>	-\$ _____
<i>Retirement Savings</i>	-\$ _____
NET INCOME:	\$ _____

IN THIS GUIDE WE WILL BE USING THE NET INCOME, meaning the amount of money that hits your bank account every month, not the total amount you are paid. If you want, you can use the total amount you are paid or the gross income. You will need your paystubs to figure the gross income and then add each place money is taken out as an expense. You'll update your expense tracker to include the total amount of each deduction. Here is a chart to show you how you would do this. Be sure to confirm that your net income matches exactly what shows on your bank account.

STEP 1: DETERMINE THE VALUE OF EACH BLOCK

Now that you've collected your income and expenses, you're probably excited to get started. But it's not time to dive straight into the blocks just yet. Instead, let's talk about values. Values are the core of what's most important in your life. Read through the list of values below and circle the ones that resonate the most with you. If you are working with a significant other, choose two different colored pens or markers so you and your partner can circle your own values. Then, see if there are any values that overlap. If you need help, think back to times in your life when you were most happy. What about those experiences made you feel that way? What core values did that support? Once you've identified those, narrow your list to your top five values.

<i>Achievement</i>	<i>Freedom</i>	<i>Luxury</i>	<i>Risk-taking</i>
<i>Action</i>	<i>Frugality</i>	<i>Meaningful Work</i>	<i>Security</i>
<i>Activism</i>	<i>Fun</i>	<i>Mindfulness</i>	<i>Service</i>
<i>Adventure</i>	<i>Generosity</i>	<i>Nature</i>	<i>Simplicity</i>
<i>Art</i>	<i>Growth</i>	<i>Open-mindedness</i>	<i>Solitude</i>
<i>Beauty</i>	<i>Hard Work</i>	<i>Order</i>	<i>Spirituality</i>
<i>Comfort</i>	<i>Health</i>	<i>Originality</i>	<i>Stability</i>
<i>Community</i>	<i>Home</i>	<i>Peace</i>	<i>Success</i>
<i>Competition</i>	<i>Humanitarianism</i>	<i>Perfection</i>	<i>Teaching</i>
<i>Contentment</i>	<i>Humor</i>	<i>Pleasure</i>	<i>Tradition</i>
<i>Creativity</i>	<i>Independence</i>	<i>Power</i>	<i>Truth</i>
<i>Discipline</i>	<i>Influence</i>	<i>Productivity</i>	<i>Unity</i>
<i>Discovery</i>	<i>Innovation</i>	<i>Quality</i>	<i>Virtue</i>
<i>Environmentalism</i>	<i>Integrity</i>	<i>Reason</i>	<i>Wealth</i>
<i>Excitement</i>	<i>Joy</i>	<i>Relationships</i>	<i>Other _____</i>
<i>Expertise</i>	<i>Justice</i>	<i>Reputation</i>	<i>Other _____</i>
<i>Faith</i>	<i>Knowledge</i>	<i>Resilience</i>	<i>Other _____</i>
<i>Fame</i>	<i>Love</i>	<i>Respect</i>	<i>Other _____</i>
<i>Family</i>	<i>Loyalty</i>	<i>Responsibility</i>	<i>Other _____</i>


02

USING YOUR BUDGETING BLOCKS

STEP 1: SET UP

Now it's time to dive in! Pick one month that you want to use for your Budgeting Blocks. Based on that month, note your total monthly income. Using that number, determine the value each block will be worth using the worksheet below:

IF YOUR TOTAL INCOME IS...	BLOCK VALUE:
<i>Less than \$2,500</i>	\$10
<i>\$2,501-\$3,750</i>	\$15
<i>\$3,751-\$5,000</i>	\$20
<i>\$5,001-\$6,250</i>	\$25
<i>\$6,251-\$7,500</i>	\$30
<i>\$7,501-\$10,000</i>	\$40
<i>\$10,001-\$12,500</i>	\$50
<i>\$12,501+</i>	\$100
NOW IT'S TIME TO DIVE IN!	
TOTAL MONTHLY INCOME:	
BLOCK VALUE BASED ON CHART: <i>(Value of each block)</i>	
TOTAL MONTHLY INCOME / BLOCK VALUE: <i>(Number of blocks to start)</i>	

 Create a label for each expense category with the included label sheet. Lay these labels out on a table in the fixed, variable fixed and discretionary groupings listed on the expense tracker worksheet.

STEP 2: ALLOCATE YOUR BLOCKS

Now that you have your blocks in front of you, refer back to your expenses on pages 7-9. Using the same month as you used for your income, write each expense on its own expense category labels that were included. You'll include the total amount you spent that month as well as how many blocks should be allocated.

Start putting the labels on the table and allocating your blocks to each. Continue until all of your expenses are displayed.

If you run out of green blocks from your starting pile, use the marigold blocks to fill in the remaining expenses. Remember, the purpose of this activity is to give you a visual of how your money was spent and is not necessarily an indication of how you want to spend money going forward.

1 BLOCK =	\$
2 BLOCKS =	\$
3 BLOCKS =	\$
4 BLOCKS =	\$
5 BLOCKS =	\$
6 BLOCKS =	\$
7 BLOCKS =	\$
8 BLOCKS =	\$
9 BLOCKS =	\$
10 BLOCKS =	\$
15 BLOCKS =	\$
20 BLOCKS =	\$
25 BLOCKS =	\$
30 BLOCKS =	\$
40 BLOCKS =	\$
50 BLOCKS =	\$

USING THE BUDGETINGBLOCKS™

1 DECIDE WHICH MONTH OF EXPENSES YOU WANT TO USE.

There's no wrong way to do this, but it helps if it's one you can recall. You may want to pick a month of expenses that's in between the highest and lowest. Write the dollar amounts (round up to the nearest \$20) for each category on the corresponding expense labels.

2 TRANSFER THE EXPENSE TOTALS FOR THE MONTH YOU CHOSE FROM THE ORIGINAL EXPENSE WORKSHEET TO THE ONE BELOW.

Using the block value you determined in the last section, calculate how many blocks you'll need to represent what was spent.

3 NEXT, USE YOUR TOTAL INCOME AND DIVIDE IT BY THE BLOCK VALUE.

For example, if you have a total income of \$3,500, each block would be worth \$20. For your income you would need $\$3,500/\$20 = 175$ green blocks. Put your total number of green blocks in a starting pile and put any extras away.

4 START ALLOCATING THE BLOCKS

Once you have your starting blocks, you'll put out the expense category labels and start allocating the blocks based on the last worksheet. It works best to lay the blocks flat on the table in sets of ten.

If you run out of green blocks from your starting pile, use the red blocks to fill in the remaining expenses. Remember, the purpose of this activity is to give you a visual of how your money was spent and is not an indication of how you want to spend money going forward.

STEP 3: REVIEW YOUR SPENDING

Once you finish allocating all of your blocks in each expense category take a minute to answer the following questions:

What is your initial reaction to seeing the blocks and how you have spent money?

What, if anything surprised you?

Looking back at your values on page 12, where are you spending money that aligns with what's most important to you?

*Are there any areas you wish you were spending **more** money? Why?*

*Are there any areas you wish you were spending **less** money? Why?*

STEP 4: LOOKING FORWARD

As you look at your Budgeting Blocks, remove any of the marigold blocks that indicated where you spent more than what you made. Go through each expense category and decide how much you want to spend in each area, knowing you can only use the green blocks you started with.

Bonus: If you haven't already, add in a "Savings" label to show where you want to start saving for future goals.

If you are going through a life change, like getting married, having a baby, buying a house or a new job, go through each category and decide on what you would want to spend in each category given your life change. See page 25 to be sure to include all of the financial changes!

Once you have made the changes, fill in the back side of each of the labels with your new budget numbers and include the new numbers on the following budget planner on the next page.

MONTHLY BUDGET PLANNER

MONTHLY INCOME: \$					
HOUSING	<i>Planned</i>	<i>Spent</i>		<i>Planned</i>	<i>Spent</i>
<i>Rent/Mortgage</i>	\$ _____	\$ _____	<i>Doctor Bills</i>	\$ _____	\$ _____
<i>Taxes</i>	\$ _____	\$ _____	<i>Medication</i>	\$ _____	\$ _____
<i>Insurance</i>	\$ _____	\$ _____	<i>Total</i>	\$ _____	\$ _____
<i>Repairs</i>	\$ _____	\$ _____			
<i>Total</i>	\$ _____	\$ _____			
UTILITIES	<i>Planned</i>	<i>Spent</i>			
<i>Electric</i>	\$ _____	\$ _____	FOOD	<i>Planned</i>	<i>Spent</i>
<i>Gas</i>	\$ _____	\$ _____	<i>Grocery</i>	\$ _____	\$ _____
<i>Sewer/Trash</i>	\$ _____	\$ _____	<i>Restaurants</i>	\$ _____	\$ _____
<i>Internet</i>	\$ _____	\$ _____	<i>Total</i>	\$ _____	\$ _____
<i>Phone</i>	\$ _____	\$ _____			
<i>Total</i>	\$ _____	\$ _____			
TRANSPORTATION	<i>Planned</i>	<i>Spent</i>			
<i>Car Payment</i>	\$ _____	\$ _____	PERSONAL/FAMILY	<i>Planned</i>	<i>Spent</i>
<i>Car Insurance</i>	\$ _____	\$ _____	<i>Entertainment</i>	\$ _____	\$ _____
<i>Gas</i>	\$ _____	\$ _____	<i>Clothing</i>	\$ _____	\$ _____
<i>Maintenance</i>	\$ _____	\$ _____	<i>Kid Supplies</i>	\$ _____	\$ _____
<i>Total</i>	\$ _____	\$ _____	<i>Cosmetics</i>	\$ _____	\$ _____
			<i>Medical</i>	\$ _____	\$ _____
			<i>Childcare</i>	\$ _____	\$ _____
			<i>Other Insurance</i>	\$ _____	\$ _____
			<i>Total</i>	\$ _____	\$ _____
DEBTS	<i>Planned</i>	<i>Spent</i>			
<i>Credit Card 1</i>	\$ _____	\$ _____	CHARITY/OTHER	<i>Planned</i>	<i>Spent</i>
<i>Credit Card 2</i>	\$ _____	\$ _____	<i>Tithes</i>	\$ _____	\$ _____
<i>Student Loans</i>	\$ _____	\$ _____	<i>Charity</i>	\$ _____	\$ _____
<i>Total</i>	\$ _____	\$ _____	_____	\$ _____	\$ _____
			_____	\$ _____	\$ _____
			_____	\$ _____	\$ _____
			<i>Total</i>	\$ _____	\$ _____

TOTAL SPENDING AMOUNTS *Planned to spend:* \$ _____ *Actually spent:* \$ _____

03

NEXT STEPS

NEXT STEPS

Congratulations! You have a new budget. But the job isn't done. You'll want to check in with your budget, and make sure you're following it. To help you do just that, here are a couple tools we love:

THE BUDGETINGBLOCKS™

Keep coming back to this box every couple of months to play with your budget and see where you are aligning with your values. It helps to check in to make sure you're still in tune with where you're spending your money and why.

THE EVERYDAY MONEY™ WORKBOOK

Our Everyday Money™ Workbook (116 pages) offers four sections focused on communication, values, assessment and goals, assignments to help get your financial house in order, and 6 monthly check-ins to help maintain your financial health.

YOU NEED A BUDGET APP

YNAB gives you an easy way to see how much money is left in each of your budgeting categories every month. It syncs with most banks and credit card companies, making inputting the money easy to do. The app is user friendly and they offer tutorials to help you use it.

SPREADSHEETS

Physically entering the numbers can help impress where your money is going. You have complete control and can create a record in any form that makes sense to you.

YOUR BANK

You are already used to using their system. If all your accounts are with one bank, it keeps everything in one place. No syncing issues. No new app or system to use.

TIMES OF TRANSITION

Life changes can impact your budget in a variety of ways. Take a look at the chart below to see which budget categories might be effected by a time of transition.

BUYING A HOUSE

- Rent / Mortgage
- Homeowners / Renters Insurance
- Saving for Home Repairs
- Property Tax
- Cost to Furnish or Decorate

STARTING A NEW JOB

- Income
- Travel/Commuting Expenses
- Wardrobe Update
- Health Insurance
- Benefits

GETTING MARRIED

- Merged Expenses
- Savings Goals
- Wedding Expenses
- New Housing (if applicable)

HAVING A BABY

- Health Insurance
- Childcare
- Income
- Extra Groceries
- Diapers, etc.

BUYING A CAR

- Car Payment
- Car Insurance



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