

# Full Features - Set up a Budget and Preallocate Future Income to Envelopes

This tutorial is intended as a brief overview of how to use the full features of "Budget "by setting up a budget plan and preallocating future income. It supplements but does not replace the documentation, which contains much more in-depth information.

This tutorial starts with a bank account already set up and five envelopes created. If you don't know how to do that, you may want to work through the Basic tutorial first. That tutorial covers how to set up a checking account, create envelopes to hold account money, record transactions and balance an account. This tutorial only covers setting up a budget and preallocating future income.

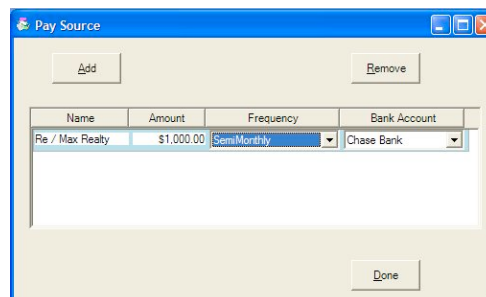
In the Basic tutorial, when you got paid, you manually distributed the money to your envelopes. If you create an allocation plan in advance, it will save you from having to manually distribute each paycheck to your envelopes. More importantly, when you set up an allocation plan, you are actually setting up your budget and helping yourself stick to it. When you deposit your pay, it will be distributed according to your allocation plan. You'll "pay your budget first"! Of course you can make adjustments, but you have to make a conscious decision to do so.

Let's start with a bank account at Chase Bank and five envelopes as shown below. We haven't deposited any money yet, so the account and envelopes all show zeros.



A budget consists of income and expenses --- so the first step is to define your income amount and frequency. (Income is called "pay sources").

Let's assume you get a paycheck of \$1,000 twice a month from Re/Max Realty. From the ACCOUNT menu, select "Pay Source Info". Click the "ADD" button and fill out the pay source window as shown and then click "DONE." (Note: Since we are only working with a single account, the Bank Account is already set to Chase Bank.)



The second step is to set up an allocation plan to define expense amounts and frequencies for your envelopes. First select an envelope (we'll start with "Rent"), and then click the "Info" icon on the toolbar. An "Envelope Info" window appears. Your Rent is \$500 each month and you get paid twice a month, therefore, you will need to take \$250 out of each pay to have \$500 every month. Double click the amount field and enter \$250 next to each pay. If you don't want to take equal amounts out of each pay enter any amount you prefer.

Envelope Name: Rent, 37.50% of Monthly Income, \$750.00 Monthly

Payee	Amount	Unallocated
Re / Max Realty		
First Pay	\$250.00	\$750.00
Second Pay	\$250.00	\$750.00

Once you have the amounts entered click "Done"

Look at the Main Window --- the "Rent" envelope still has nothing in it. What happened to your allocations? Remember you are setting up an allocation plan for your future paychecks -- The allocations will only be distributed into your envelopes WHEN YOU GET PAID.

Lets do one more. Select the Utilities envelope and click the "Info" icon on the toolbar. You estimate that you need \$200 each month to pay for your utilites so you enter \$100 next to each pay.

Envelope Name: Utilities, 5.00% of Monthly Income, \$100.00 Monthly

Payee	Amount	Unallocated
Re / Max Realty		
First Pay	\$100.00	\$650.00
Second Pay	\$0.00	\$750.00

Notice as you enter amounts that the "Unallocated" column shows you how much is left in each pay that has not yet been allocated for an expense. This "Unallocated" amount will be placed in the Available envelope each time you enter your pay.

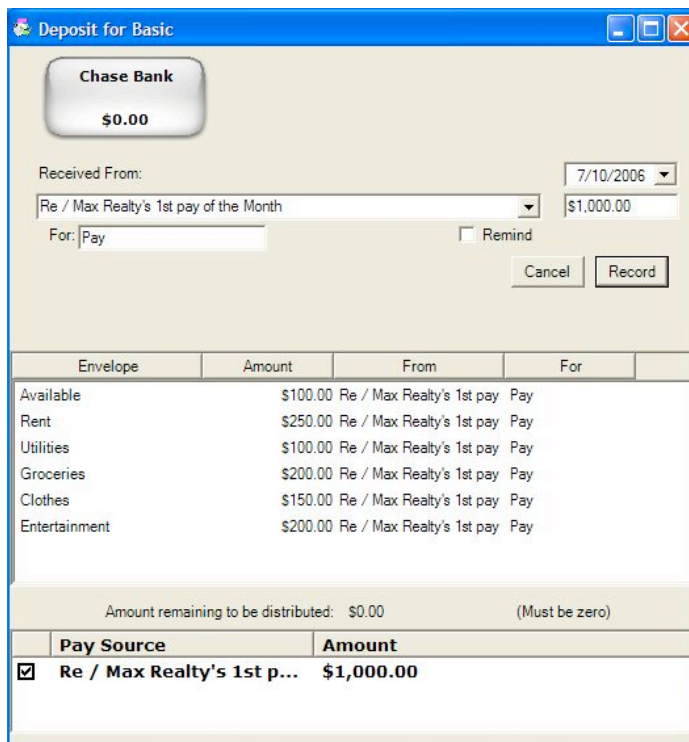
For this tutorial, we'll continue defining the monthly expense for each of the three remaining envelopes: Groceries: \$400; Clothes: \$300; and Entertainment: \$400 using an equal allocation from each pay.

**Entering a preallocated deposit (The "Enter Pay" command):**

When you get paid, enter your \$1,000 deposit by clicking on the "Record Pay" toolbar icon. The "Pay" window will appear. Check the box next to the "Re/Max Realty" pay. Click on the "RECORD" button to immediately deposit your pay and distribute it to the envelopes according to your allocation plan.



If you want to review your allocation plan or make adjustments before recording the deposit you can use the "Split Deposit" instead of the "Record Pay". With no envelopes selected click the "Deposit" toolbar button to display the split deposit window.



In the bottom table check the box next to "Re / Max Realty..." and all your allocations will show up next to each envelope. Change the amount at the top to the total amount of the pay and then adjust each of the amounts next to each envelope. Click "RECORD" when you have everything as you want it.

Now you can see the benefit of setting up an allocation plan -- ease of use. You only have to set up the amount you want placed in each envelope once. After that you just use the "Enter Pay" command and your money is distributed to your envelopes according to your allocation plan. Of course you can change the allocated amount in any envelope at any time.

Now that you have entered your pay, the main screen will show the total amount of the deposit in the Chase Bank Account, and the amounts that you allocated to each of your envelopes. Out of the \$1,000 pay, you allocated \$900 and \$100 was unallocated. "Budget" automatically puts that in the "available" envelope.



### Summary:

This tutorial gave you a brief idea of how to preallocate your income to your envelopes. You should read the documentation for more in-depth details about variable pays and some advanced features such as setting up pay rules to distribute your income.

When you set up your own budget file, be sure to save it. Budget will warn you and ask if you want to save your changes if you try to quit. Click the "Save Changes" button, give the file a name, and save it to an appropriate place or the Desktop.