

How to Manage Irregular Income

Last year's income		Eliminate the Highest Month	Monthly Budget	Your monthly income from last year	Your monthly budget
January	2,300	2,300	3,285		
February	2,500	2,500	3,285		
March	3,000	3,000	3,285		
April	2,800	2,800	3,285		
May	3,500	3,500	3,285		
June	3,750	3,750	3,285		
July	4,000	4,000	3,285		
August	5,000	5,000	3,285		
September	5,500	xxxxxxx	3,285		
October	3,500	3,500	3,285		
November	3,000	3,000	3,285		
December	2,800	2,800	3,285		
TOTAL	41,650	36,150	39,420		

After you have entered your total income for each month last year, remove the amount that was the highest income you received in one month and total the remaining income. Take the revised total income and divide that amount by 11 (months). The answer is the amount you should use as your monthly income in your budget.

In the example, the highest income occurred during the month of September. To complete our calculations, we removed the September income and added the income from the remaining months, giving us a total income of \$36,150 which we divided by 11. The actual answer was \$3,286.36, rounded off to \$ 3,285. This is the amount that we will use in our budget for our monthly income.

In the months where the income is greater than the budgeted income, you must set the surplus aside in your bank account to be used to supplement the months where your income is lower than the budgeted income. If you are beginning your budget during a month where your actual income is lower than your budgeted income, you will need to be extra careful with your spending, limiting it to bare needs.