

"Top Down" Estimator of Normal Personal Consumption Spending

Here's the basic concept and the steps to implement:

concept: estimate normal personal consumption spending by counting all outflows for one bank (or equivalent) account and then excluding those outflows that are not normal personal consumption spending.

what to do: use one copy of this form for each bank account. (1) collect a year of bank account (or equivalent) statements, accounts out of which all normal personal consumption spending outflows occur, (2) collect all the credit card and other debt statements that were paid from the accounts during each month, and (3) **using cells with a green background**, complete the four worksheets (see colored tabs at bottom) with data from the various statements.

step	
1	on this sheet, list the beginning balance for period 1
2	on this sheet, list the ending balance for each period
3	on this sheet, list the monthly total of all inflows (e.g. deposits, transfers, credits) in a year to each account out of which all of your normal personal consumption expenses are paid. use this form for each account.
4	using the tab titled "Not Normal Spending": list all outflows from the account which are not normal personal consumption spending; in particular (1) outflows to other accounts which do not represent normal personal consumption spending (e.g., account transfers, investments, savings), (2) federal and state (and possibly city) income taxes, (3) unusual spending that does not occur with any regularity, and (4) if the "Debt Changes" tab is not used, any debt principal repayment in excess of the norm. those entries will be linked to this Summary tab.
5	on this sheet, here the monthly normal personal consumption spending outflows are calculated. Steps 1-5 need to be completed for this calculation to be accurate.
6	on this sheet, here the annual normal personal consumption spending outflows are calculated. Steps 1-5 need to be completed for this calculation to be accurate.
7	OPTIONAL STEP - using the tab titled "Paid by Deductions": this step addresses spending that occurs outside of the bank account. list all deductions from wage, social security and similar income received that paid for normal personal consumption spending. those entries will be linked to this Summary tab.
8	OPTIONAL STEP - using the tab titled "Debt Changes": this step addresses spending that occurs outside of the bank account. here provide monthly outstanding indebtedness balances by account, such as credit cards, mortgages and lines of credit. over time, increased indebtedness balances in an account usually indicates that current normal personal consumption spending (which includes interest and other charges) is funded through debt; reduced indebtedness balances usually indicates that past spending is currently being paid for. those entries will be linked to this Summary tab as they are part of the calculation of normal personal consumption spending. if this "Debt Changes" tab is not used, then document on the "Not Normal Spending" tab any debt principal repayment in excess of the norm. those entries will be linked to this Summary tab.

This Account Only:

step	3	4	2	5	7	8		
period	month, year	inflows	outflows which are not normal personal consumption spending (from "Not Normal Spending" tab)	outflow summary notes	month end balance	normal personal consumption spending for month	Deductions from income to pay for normal personal consumption spending	Changes in Unpaid Credit Card & Debt Balances
1			0			-	0	0
2			0			-	0	0
3			0			-	0	0
4			0			-	0	0
5			0			-	0	0
6			0			-	0	0
7			0			-	0	0
8			0			-	0	0
9			0			-	0	0
10			0			-	0	0
11			0			-	0	0
12			0			-	0	0
	totalled here	0	0			-	0	0

step			
1	beginning balance, period 1	<input type="text"/>	the beginning balance plus the inflows equals the cash available to spend during the year
	plus inflows	0	
	less ending balance, period 12	0	the ending balance is the available cash not spent
	equals total outflows	0	the difference is the total cash outflow
	outflows excluded from normal personal consumption spending	0	this is the part of the total cash outflow that was not normal personal consumption spending
6	normal personal consumption spending from this account	0	the difference between the two numbers above is the normal personal consumption spending

Optional - Spending Outside of this Account

7	<i>Deductions from Wage, Social Security and similar income received that paid for normal personal consumption spending</i>	0	this is normal personal consumption spending that did not flow through the checking account
8	<i>Changes in Debt Balances</i>	0	this may be normal personal consumption spending that was paid for through increased debt

Top Down Estimator of Normal Personal Consumption Spending - Worksheet of NOT normal personal consumption spending

Step 4 using the tab titled "Not Normal Spending": list all outflows from the account which are not normal personal consumption expenses; in particular (1) outflows to other accounts which do not represent a normal personal consumption expense (e.g., account transfers, investments, savings), (2) federal and state (and possibly city) income taxes, (3) unusual spending that does not occur with any regularity, and (4) if the "Debt Changes" tab is not used, any debt principal repayment in excess of the norm. those entries will be linked to this Summary tab.

period	month, year	<i>outflows which are not normal personal consumption spending</i>	notes
1	0		
		0	this total is linked to the Summary page
2	0		
		0	this total is linked to the Summary page
3	0		
		0	this total is linked to the Summary page
4	0		
		0	this total is linked to the Summary page
5	0		
		0	this total is linked to the Summary page
6	0		
		0	this total is linked to the Summary page

Top Down Estimator of Normal Personal Consumption Spending - Worksheet of Deductions from Wages, Social Security and similar income to pay for normal personal consumption spending

Step 7 OPTIONAL STEP - this step refers to spending that occurs outside of the bank account. list all deductions from wage, social security and similar income received that paid for normal personal consumption spending. those entries will be linked to this Summary tab.

period	month, year	<i>Deductions from Wage, Social Security and similar income that paid for normal personal consumption spending</i>	notes
1	0		
		0	this total is linked to the Summary page
2	0		
		0	this total is linked to the Summary page
3	0		
		0	this total is linked to the Summary page
4	0		
		0	this total is linked to the Summary page
5	0		
		0	this total is linked to the Summary page
6	0		
		0	this total is linked to the Summary page

