WHITE PAPER

Budgeting

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Budgeting

PortfolioAnalyst's Budgeting tool allows users to create and customize a budget that may be used to compare against their income and expenses to better understand their financial picture. Users start by creating a monthly or yearly budget for all incomes, expenses, and life events. The tool then aggregates account transactions from IBKR accounts, offline accounts, and all linked external brokerage, bank, and credit card accounts to determine actual income and expenses for the time period selected. Users may edit or exclude transactions and create or delete them if needed. With the created budget and transaction data, users may review which category and sub-category of income and/or expenses need to be adjusted or monitored.

Budget Configuration

Budgeting utilizes account transaction data along with user-provided budgeted amounts to determine the remaining or excess income or expenses during a specified period. Users may choose to create a monthly or yearly budget and can change this at any time. Figures within the Budgeting tool are shown in the user's base currency. Non-base currency transactions are converted to the user's base currency.

Budget Terms

Field	Explanation
Annual (Monthly) Surplus (Deficit)	This figure represents the surplus or deficit amount at the end of the period selected if the budget is followed for the remainder of the period.
Net Total	For each column, the net total is calculated by adding all incomes and then subtracting all expenses and life events.
Incomes	Displays all incomes from transactions as well as any incomes the user wishes to add.
Expenses	Displays all expenses from transactions as well as any expenses the user wishes to add.
Life Events	Displays all life events from transactions as well as any life events the user wishes to add.

Budget Table

Field	Definition
Previous Year (Month)	Figures in this column are calculated by adding all transactions from the previous period and any user-supplied amounts.
Annual (Monthly) Budgeted	This amount is user-supplied and represents the amount the user expects to receive (income) or spend (expense or life events) for the period.
YTD (MTD) Actual	Figures in this column are calculated by adding all transactions from the current period and any user-supplied amounts.
YTD (MTD) Remaining	This value is calculated by subtracting the actual amount for the period from the budgeted amount for the period. Any negative value will be displayed as Over Budget.
Over Budget	This implies that the actual amount earned (incomes) or spent (expenses or life events) during the period is greater than the budgeted amount for the period.

Adding/Editing Incomes and Expenses

Field	Definition
Category	The category assigned to an income, expense, or life event.
Sub-Category	The sub-category assigned to an income, expense, or life event.
Previous Year (Month) Amount from Transactions	This value is not editable and will display the amount from transactions for the selected category and sub-category during the previous period.
Additional Amount	This value is user supplied and can represent incomes, expenses, or life events costs which have not been accounted for through account transactions.
Previous Year (Month) Total	This figure is calculated by adding the amount from transactions and the additional amount for the previous period.
Annual (Monthly) Budgeted Amount	This amount is user supplied and represents the amount the user expects to receive (income) or spend (expense or life events) for the period.
YTD (MTD) Actual Amount from Transactions	This value is not editable and will display the amount from transactions for the selected category and sub-category during the period.
YTD (MTD) Actual Amount Total	This figure is calculated by adding the amount from transactions and the additional amount for the period.

Life Events

Field	Definition
Sub-Category	For Life Events, this field is user supplied and represents the sub-category that transactions for the life event will be attributed to.
Life Event Total Amount	This value is user supplied and represents to total life event amount the user wishes to save.
Life Event End Date	This date is user supplied and represents the date for the life event to occur.

Budget Dashboard

Once a budget has been configured, users can view the budget dashboard. The dashboard displays various components related to their custom budget and transaction data. Users can choose to view the dashboard by year or by month. When viewing by year, choose from YTD or previous calendar years and the same applies when viewing by month.

Net Worth

This component displays the user's net worth for the selected period. The Net Worth is calculated by adding the value of all included accounts. Accounts are sorted by type and each account type is expandable when more than one account of the same type is included. When a YTD or MTD period is selected, the line chart of the user's net worth will include a dotted line projection of the surplus or deficit for the period.

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Budget Overview

The budget overview includes a chart view and a table view. The chart view displays incomes and expenses (including life events) for the current period and previous periods. When viewing by year, up to the two previous years will be displayed. When viewing by month, up to the previous six months will be displayed.

Spending Insight

This component highlights spending broken out by category and sub-category. Within the pie chart, the default view shows spending (expenses) by category. Clicking on a specific category will display a new pie chart showing spending (expenses) by sub-category for the selected category. This component also includes an Upcoming Transaction section, which displays transactions that may be taking place in the following five business days.

Life Events

This section displays the user's life events applicable to the selected period. For each life event, time period and lifetime progress bars are shown. The time period progress is shown as a percent and is calculated by dividing actual amount by budgeted amount for the period. Lifetime progress is shown as a percent and is calculated by dividing actual amount from when the event was created by the life event total amount.

Transactions

The transactions component lists all account transactions and user created transactions for the selected time period. Users have the ability to search, add, edit, and filter transactions within this section. When adding a transaction, users will provide the transaction data which may be editable at any time. When editing transactions, the fields that are available to be edited will vary depending on the account and transaction type.

Life Events

Field	Definition
Date	The date the transaction took place.
Currency	The currency for the transaction.
Amount	The value of the transaction in the currency displayed.
Description	The description for the transaction.
Category	The category for the transaction.
Sub-Category	The sub-category for the transaction.
Recurring	An optional yes or no field which indicates if a transaction is likely to reoccur.
Exclude from Budget	An optional yes or no field which can be used to exclude a transaction from consideration within the Budgeting tool.

General Assumptions and Methodology

Factor	Definition
Monthly Based Budgeting	The budgeting tool stores values by month regardless of if figures are entered as yearly or YTD figures.
Converting Annual Figures to Monthly	See conversion methodology below. • Previous Year – This value will be divided by twelve and store monthly for the previous year. • Annual Budgeted Amount – This value will be divided by twelve and stored monthly for the current year. • YTD Actual – This value is calculated by adding all of the current period account transactions. Any user-supplied value will be divided by the number of past months plus the current month and split evenly between the sub-periods.
Continuous Budgeting	Annual and Monthly Budgeted Amounts will be rolled over to the following year or month, depending on the users selection.
Life Events	Life Event transactions represent money moved into accounts intended for saving, including transactions manually categorized as such. When deleting a life event, the related transaction data will be impacted. • User Created Transactions – All user created transactions which have the deleted life event sub-category will be deleted. • Account Transactions – Any account transactions which have the deleted life event sub-category will have the sub-category set to Other. • User-Supplied Amounts – All user-supplied amounts that have the deleted life event sub-category will be deleted.
Transactions	Purchase and payment classifications are assigned based on the most relevant category, though you can modify these classifications whenever needed. Any items marked as "Uncategorized" should be properly labeled to maintain accuracy. Keep in mind that your budget might contain expenses or withdrawals from accounts that aren't solely yours, such as joint accounts or those you manage for others. It's important to evaluate whether these transactions should be included in your personal budget tracking.
Incomes	Income can come from multiple channels, including wages, returns on investments, property rentals, jobless benefits, pension payments, and additional sources. When money moves between your personal accounts or you receive refunds, these aren't automatically counted as income unless you specifically label them as such. Remember that your income figures might appear higher than actual take-home pay if tax obligations and other deductions haven't been subtracted.
Spending Insight	The analysis of your spending patterns and expense breakdowns only shows transactions from the selected timeframe and does not estimate upcoming expenses. The spending totals displayed are calculated using only recorded transactions within the current period, without including any predicted or future costs.

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