Top Down Estimator of Normal Annual Spending

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

concept: estimate aggregate normal spending by estimating all annual spending account outflows and then excluding those outflows that are not normal spending.

steps: to start, you need to collect a year of bank (and/or other) statements out of which all normal expense outflows occur.

1	**list all inflows** (e.g. deposits, transfers) in a year to all the account(s) out of which all of your normal expenses are paid.
2	**list all outflows from the account(s) which are not normal expenses**; in particular (1) outflows to other accounts which do not represent a normal expense (e.g., investments, savings, debt principal repayment in excess of the norm) and (2) income taxes
3	**list the beginning of the period account balance(s)**
4	**list the end of the period annual balance(s)**
5	**here the normal spending outflows are calculated.** This should be a good estimate of your total normal spending for the period.

Account:

step	1	2	
month, year	**inflows**	**outflows *not normal spending***	**outflow notes**
totaled here	0	0	

step			
3	beginning balance	0	the sum of the beginning balance and the inflows represents cash available to spend during the year
	plus inflows	0	
4	less ending balance	0	the ending balance represents cash not spent
	equals total outflows	0	so this is what went out
	outflows excluded from normal spending	0	this is the outflow that was not normal spending
5	**normal spending outflows estimated**	**0**	this is the normal spending

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