YNAB Cheat Sheet 2.0

First things first

Throughout this guide you'll encounter words in **bold** in the middle of sentences. In every case this is done to callout the actual name that YNAB uses to refer to an element or section of the software. For example "**Budget**" refers to the view within the YNAB software where you're able to see and work with your budget. On that note, YNAB doesn't refer to it as the *Budget Page*, *Budget Screen* or *Budget View*; it's just the **Budget**.

That said you wouldn't see it in bold or capitalized if it's being used to describe an action such as *"You need to budget some money to a category"* or in passing reference.

Also, since we're on talking about the word "budget", here's a quick list of the several different ways YNAB uses that particular word and that you'll see it in use here as well.

- **As a description:** The *budget* that describes *your plan for your money*.
- **As a noun:** The file (it's actually a folder full of files) that contains your budget.
- **As a verb:** Describing the action of assigning money to a category.
- **As a current state:** That money has been *budgeted* to a category.

Why version 2.0?

Back in early 2007 as YNAB was starting to really grow in popularity I created and shared what became know as the "YNAB Cheat Sheet" on the forums at youneedabudget.com to help new users get started with the software. It was only 1 page long and fairly basic so this Cheat Sheet represents an evolution (and expansion) from that original guide.

I hope you find it helpful.

P.S. If you're considering buying a copy of YNAB then you can <u>use this link to save $6</u> off of the price you pay. In case you're wondering, yes, I'll receive $6 as well as a small referral commission. Hopefully this is a fair trade and I truly appreciate your support. ツ

Accounts

Accounts refer to the real world accounts you have for example in a bank, credit union or with a credit card company. In *every* case you should only create and use an account in the software that is a reflection of an actual money account. The only exception is of course cash, which is a reflection of any cash you have in hand and not in a bank account.

Also, accounts do one thing and one thing only; *they hold your money for you*. Meanwhile what you want to do with your money is a task handled solely by the category in which you budgeted the money. You'll save yourself a lot of time, confusion and stress if you avoid trying to juggle money amongst accounts to match the category balance you have set for some money in the **Budget**. Your budget is a plan for *all of your money* regardless of where it is being held.

Important: *Accounts hold your money and categories tell it what to do.* Period.

Account types

The list of pre-defined account types below is available when you first create an account (or change the account type by Right/CTRL-clicking on an existing account name). In every case YNAB will recommend whether or not it should be a **Budget Account** or and **Off-Budget account**.

Note: The two lists shown below aren't separated in the software. They are however listed in order top to bottom as you see here with Budget accounts first followed by Off-Budget accounts in a single list when you go to choose them.

Budget Account	**Off-Budget Account**
Checking	Investment Account
Savings	Mortgage
Credit Card	Other Asset (House, Car, etc.)
Cash	Other Loan or Liability
Line of Credit or Other Credit	
PayPal	
Merchant Account	

Account type differences

In all cases any normally positive balance account such as checking, savings or a PayPal™ account for example are treated exactly the same by the software without any special handling. The only accounts that are treated differently when you first set them up are these two liability accounts:

- Credit Card
- Line of Credit or Other Credit

When you create either of those accounts (and set it as a **Budget Account**) the software will create a **Pre-YNAB Debt** Master Category on the **Budget** (if it doesn't yet exist) as well as a category named after the name you typed in for the account. It will

also categorize the starting balance transaction of the account using that category to properly set the stage for you to budget toward that debt. More on this later.

Quick Tip! ➔ When you click on any **Pre-YNAB Debt** category name on the **Budget** the software will tell you: *"Pre-YNAB debt categories can't be renamed"*. However, if you'd like to rename the category just rename the account and the category will change to match it.

Note: Any time you set up a new account you are free to change it to be a **Budget Account** or an **Off-Budget Account** though I suggest that you stick with what the software recommends to avoid confusion if you're just getting started.

YNAB columns in the accounts:
Payee – Use this column to record the name of the person or business you inflowed money from or outflowed money to. A Payee can be the name of a store or person.

Category – The job description for the money (more in the next section).

Memo – This field is optional but can be used for any note you'd like to leave describing what the transaction was for or about for example.

Inflow – This is used to describe any money that comes into any account from anywhere. Whenever you record a new transaction in the software this is the name of one of the two columns on the right hand side of the account you're looking at.

Outflow – As you may have guessed this describes any money that has left an account. Like above it's the name of one of the two columns you'll encounter.

Categories

Categories are the lifeblood of YNAB and are used to both describe the job you've assigned to some of your money (as in *Give Every Dollar a Job*) as well as tie the activity you record in transactions in your accounts to your budget. In all case categories are used when money outflows from an account and will be reflected in the *Outflows* column on the **Budget**.

Master Category vs. Category

In YNAB a "Master Category" is merely a group of categories and you can't budget directly to any Master Category but they will reflect the sum total of the categories contained within them. Keep in mind that YNAB doesn't refer to categories as "sub-categories" ever. They're just **categories**.

Workaround! ➔ Adding sub-categories

Although the software doesn't have a direct way to add sub-categories you can get them in place if you'd like to use them. Master Categories only hold categories and the layers don't go any further but with some naming tricks you can get more than 2 layers if you'd like. For example; if the "Groceries" category sat in the "Household Expenses" Master Category then you could break it down further using the examples below.

Master Category name ↓	Category & (sub category) ↓
Household Expenses	Groceries
Household Expenses	Groceries – Canned goods

The end result of which would look something like below in practice (with the colon indicating the separator between **Master Category** and **Category**):

- Household Expenses : Groceries – Canned goods
- Household Expenses : Groceries – Dairy
  ~or~
- Household Expenses : Groceries – Store A
- Household Expenses : Groceries – Store B

All of which would appear as a suggested category when you start typing any part of the category name while entering transactions in an account register.

Inflow categories

By default any category you create or edit is for outflow purposes only as the software limits income to the 2 pre-defined categories of *Income for (the current month)* and *Income for (the next month)*. As such you can't define a new inflow category or rename the existing ones.

Note: YNAB will actually format the inflow categories on the account showing you the current month and next month in the suggested categories list when you're recording a

new inflow transaction. Also, there are special cases where you should use a normal category to reflect an inflow that will be described further below.

Recording income

When you record income use the **Payee** field to record the source (paycheck, person that paid you, etc.) while placing more details about the transaction in the memo. When you do so it will keep separate income sources organized so you can search for them with ease while in the register and break them down in the **Income v. Expense** report.

Workaround! ➜ Custom income categories

The steps below will outline how you can create custom income categories and see them as for what they are in the **Income v. Expense** report.

1. Create a **Master Category** called "Revenue" or something else that fits (just not "income").
2. Create a category under that **Master Category** for each income source.
3. When you receive money use the category that best suits the source and inflow it into the account in which you placed the money. (This will have the effect of increasing the balance in that category over on the **Budget**.)
4. When you need to make use of that money then budget a negative number to it that is equal to the full amount or the amount you want to use then. Doing so will place it in the **Available to Budget** at the top of the **Budget** ready to budget elsewhere as you see fit.

The downside to the above is it will skew your expense reports as the software is seeing these new categories as outflow only. You can work past this by making sure to not have "All Categories" selected when working with reports. Just make sure to uncheck the Master Category group that you nest these categories in when looking at your outflow reports.

Viewing custom income categories in the Income v. Expense report

While in the **Income v. Expense** report change it from the default "All Categories" to only include the ones you're using for income tracking. Since you're using outflow categories (as all categories that you create/customize are by design) they'll still be listed under the "Expenses" section but will properly list the amounts for each month shown as well as the average and total amount.

Recording inflows (*other than income*) using an outflow category

If you receive money that was originally spent out of a category on your budget as in the example of a refund, rebate or return then you can use the Inflow column. Doing so will have the effect of increasing the balance of that category on the **Budget**. This is the direct (and recommended) way to manage that sort of inflow event while keeping your records clean in regard to actual income – which that sort of inflow is not.

Transfer transactions

The software will create the other side of a transfer transaction whenever you enter the first one. For example if you record an **inflow** transaction in your savings

account that represents a transfer from checking YNAB will record the corresponding **outflow** transaction in that account.

Recording a transfer from one budget account to another

When you take money from one **Budget Account** and place it into another the software will skip the category column as you type the transaction in. The reason for this is categories are only used when money comes into or leaves your budget from an outside source. Transferring money amongst accounts (like taking cash out of one pocket and placing it into another) is merely moving where it's held so it doesn't need a category.

Recording a transfer from an Off-Budget Account to (or from) a Budget account

In this case money is leaving/coming into the budget so it does need a category. Since **Off-Budget Accounts** lack a category column you'll need to record the category on the **Budget Account** side of the transaction.

Quick Tip! ➔ The easiest way to record a transfer transaction is by clicking on the "Make a Transfer" button just below the bottom transaction in an account register. You can however enter one by starting to type the word "transfer" out in the Payee column. Doing so will narrow the list of suggested Payee names down to only show you the "Transfer to/from account:" list at the bottom that you can then choose from.

Payee Names

As you type names out (or import transactions) YNAB remembers all of them in the **Payee Settings** that can be accessed in the "View" menu where you can rename, delete, list or un-list and combine them as needed.

Renaming a Payee name
1. Open the Payee Settings by way of the View menu or keyboard shortcut CTRL/CMD+Y
2. Locate the Payee name you'd like to rename in the list on the side of the window.
3. Click it to highlight it then click the "Rename" button on the top left corner.
   Note: Doing step 3 above will automatically rename that Payee name in all transactions it exists in across all accounts. In order to see those transactions quickly just click the link that shows how many transactions it occurs in.

Hiding a Payee name from appearing as you enter transactions
Whenever you type a new transaction into and an account register YNAB starts to auto-complete it for you quickly narrowing down the list of possible matches allowing you to choose what you need from the list. If you no longer need or want a particular Payee name to appear in that list of suggestions then you can remove it by unchecking the box for that payee next to "List and Autocomplete this payee".

Deleting/combining a Payee on the list
The steps below will walk you through how to delete a payee from the list but will have the effect renaming the existing payees for all of those transactions as you step through it. In order to avoid confusion you should only use the steps when eliminating Payees that are similar.
1. Locate and select the name of a Payee name you'd like to keep.
2. Locate the Payee name you'd like to delete and select it by clicking the checkbox. You should see a "Multiple Payees selected" on the right side of the window.
3. The "New Payee Name" will show the Payee name you first picked in step #1.
4. Click the "Combine Now" button.
5. Click the minus (-) button to eliminate the old name from the remaining rules list.

Quick Tip! ➔ Zoom directly to a Payee Name by first highlighting in an account register then:
- Selecting **Payee Settings** from the **View** menu
  ~or~
- Using CTRL+Y (Windows) or ⌘Y (Command+Y) on a Mac

Pre-YNAB Debt

Simply put, **Pre-YNAB Debt** represents any debt that you accumulated on a credit card or line of credit before starting with YNAB. In other words your new YNAB budget doesn't know what that money was originally spent on but it needs some way to budget toward the debt in order to pay it down and off. To do so YNAB creates a Pre-YNAB Debt category each time you create a new "Credit Card" or "Line of Credit or Other Credit" account that has a balance owed when you first set the account up. Once that's in place you merely need to budget some money toward the debt when you fill out your budget. That amount needs to be what you intend to put towards the debt which is separate from any new charges you might have incurred since setting it up.

Knowing how much to budget & how much to pay

Determining these two numbers depends upon whether or not you're still using the credit line. To keep things simple below we'll focus on a credit card issued by your bank. The steps apply even if it's actually a line of credit and not through your bank.

	No longer using the card	Still using the card
Calculate how much to budget to the **Pre-YNAB Debt** category →	Minimum payment due + The extra you can afford to pay them this month	The amount you can afford to pay toward the old debt.
How much to pay the bank →	The amount budgeted above	Subtract the Pre-YNAB Debt category balance from the current balance on the card.

Important: The thinking behind credit card use in your budget is that the card is merely a vehicle to carry your money to the merchant. In many ways like when you write a paper check you've made a promise (of sorts) to the merchant that they'll be paid. With a check it's a promissory note telling them that as soon as they bring that to your bank they'll get the amount you agreed upon. With a credit card the credit card company will pay the merchant then you of course will pay the credit card company back. In other words, the entire time you're going about things you should never use a credit card unless you've budgeted for that purchase and have that money in cash in the bank ready to be paid - just as you would with a paper check.

Do you have the money TODAY to pay for the items that you're charging (that will be paid off later)? If not you might want to consider moving toward that sort of a position as otherwise all you're effectively doing is creating debt that must be paid whereas budgeting (the way YNAB works anyway) is to make a plan for the money that you *have now*, not money you don't own.