

# **BUDGETING**

## **WHY YOU SHOULD HAVE A BUDGET**

A budget helps you work out if you are living within your means.

Budgets are the sum of your income (wages, interest from bank accounts etc) minus the sum of your expenses (rent, food, fuel, mobile phone etc).

A budget lets you know if you are living within your means. If you're spending more than you're earning, you'll be going backwards and have little to show for the average \$4 million you can be expected to earn during your working lifetime

## **HOW TO START YOUR BUDGET**

1. List all your income sources
2. List all your expenses
3. Income minus expenses (if your answer is negative, then you are spending more money than you are earning. If your answer is positive, then you have some money that you could save)

## **PLANNING FOR UNEXPECTED EXPENSES**

It's a good idea to put some money aside to use in emergencies (unexpected bills, if your pay is a day or two late etc). Remember to top the fund back up again when you can

## **YEARLY EXPENSES**

- Yearly expenses such as car registration, car insurance, home/contents insurance, car tyres, car services etc are much easier to save for if over a yearly period
- Divide the yearly amount of each bill by 52 (weekly saving) or 26 (fortnightly saving) and you will know how much to put away each week/fortnight (i.e. pay day)
- For example, putting away \$12.50 per week or \$25 per fortnight for car registration is much easier than having to come up with \$650 within one month of receiving the bill (also, cheaper to pay for 12 months rather than 6 months of rego)

