

building a budget

WHY BUDGET?

Budgeting puts you control of your money – and your life. It lets you see how much money you have, what you spend it on and how you can make your money go further.

By budgeting, you can:

- pay off your debts faster
- keep up with your bills
- save for the things you want
- pay for those extra unplanned expenses
- buy little luxuries every now and then.

DO I NEED TO BUDGET?

To find out if you need to budget, ask yourself:

- Do I worry about money?
- Do I often have no money to pay my bills?
- Does talking about money with my family cause arguments?
- Am I unable to afford the things I want?
- Am I always in debt?
- Have my costs increased for some reason?
- Have I given up hope of having money for holidays or retirement?

If your answer is **YES** to any of these, it may be a good idea to start budgeting.

SOME BUDGETING IDEAS

Starting a budget is a big step – it takes good planning and a bit of discipline. Here are some ideas to get you started.

Regularly put money aside whenever you get paid. That way, you know there's money to pay your bills. It's also a great way to save for a goal – like a holiday.

A couple of options:

- open a separate bank account and make an automatic payment into it every time you get paid – ask your bank about this, or
- take out a set amount of money every time you get paid and leave the rest in your bank account. A good way to save but you need a lot of discipline.

Pay off your debts as soon as you can because the longer you have a debt, the more interest you're charged, and the more money you owe. An easy way to pay off a debt is to put a bit towards it every time you get paid (but only after you've paid your bills).

You can organize to pay it straight from your bank account so you don't have to think about it – and you're not tempted to use the money for other things. Ask your bank about automatic payments.

BUDGET WORKSHEET TO HELP YOU GET STARTED

STEP 01

My Income per week (after tax) If your income is once every 2 weeks, divide by 2

Wages or salary	\$
Other income (such as interest or dividends, rent or board payments)	\$
Total Income per week (add all amounts)	T1\$

STEP 02

My Costs per week If your costs are once every 2 weeks, divide by 2

Groceries (include groceries you buy separately from your weekly shopping such as 'smoko' and lunch)	\$
Rent or board	\$
Transport fares or petrol	\$
Spending money (such as cigarettes and entertainment)	\$
Child Support payments	\$
Tool loans	\$
Other costs (such as donations and children's pocket money)	\$
Total Costs per week (add all amounts)	T2\$

STEP 03

My Costs per month If your costs are monthly, multiply by 12 then divide by 52

Mortgage	\$
Power	\$
Gas	\$
Phone (include mobile and toll costs)	\$
Insurances (include vehicle, house, contents, life and medical)	\$
Credit and store card payments	\$
Monthly debt payments (include personal loans and hire purchases)	\$
Rental of goods (such as computer, TV and washing machine)	\$
Total Costs per month (add all amounts)	T3\$

STEP
04

My Costs per year If your costs are once every 6 months, times by 2

Rates (include water rates if any)	\$
House maintenance (such as lawns, repairs and renovations)	\$
Vehicle costs (include registration, WOF, maintenance and repairs)	\$
Fees and subscriptions (such as schools, clubs and magazines)	\$
Medical costs (such as doctors, prescriptions, dentists, opticians)	\$
Pet costs (such as vet fees, dog registrations and catteries)	\$
Clothes and shoes	\$
Household goods (such as kitchen items and bedding)	\$
Other costs (such as holidays and gifts)	\$
Total Costs per year (add all amounts and divide by 52)	T4\$

STEP
05

My Results

Your total income per week	insert T1 amount	\$
		Minus
Your total costs per week	insert T2 amount	\$
		Minus
Your total costs per month	insert T3 amount	\$
		Minus
Your total costs per year	insert T4 amount	\$
		Equals
Your Total Income/Costs =		\$

BACKGROUND

If your Total Income/Costs is:

- positive – great! You are meeting your expenses and can start saving. Some budgeting advice could help you move faster towards your goal.
- negative – your expenses are more than you can afford. But it's not all bad news – seeking help about your budget will show you ways to reduce your expenses or even increase your income to meet your costs.

RENT

If the amount you pay on rent represents a significant portion of your income you can always explore the possibility of moving to cheaper accommodation or sharing with more friends/workmates. Dividing household expenses between a few people usually works out cheaper.

INCIDENTALS

Remember that once the rent is paid the bills don't stop – gas, electricity, water, telephone, FOOD, clothes, doctor, dentist, entertainment etc. all need to be included in your budget.

SMOKING

Best thing is to stop. Not only will you feel better and improve your health but you will also save a small fortune. One packet of cigarettes a day costs around \$10, which equates to \$3650 per year! Another alternative is to cut down by half which going by the previous example saves you \$1825 per year.

TRANSPORT

Compare the cost of using public transport to the cost of running a car. For example, a week that you are at tech, or working in the city, you know you will be in one spot for the week, organize to store your tools in a secure location and catch the bus. A weekly bus fare costs \$24, compared to approximately \$50-60 in Petrol, not including wear and tear on your vehicle. This option is also viable if you know you will be working on a site for a certain period of time that is accessible by public transport. And then of course there is car pooling, another good way to save a few dollars.

ENTERTAINMENT/SOCIAL

If you are into movies, look at what are the cheap nights. In most states there is a discount night, usually Tuesday, where tickets are approximately \$9-\$10 compared to a regular \$15.

If you like going for a few drinks with friends then it is good to look in local newspapers or on the radio when different establishments have cheap drink nights. On any given night it is not unlikely for a nightclub to offer \$2 drinks or one or two drinks between certain times. This is a good opportunity to avoid paying the regular \$5-6 per drink. Another alternative is to meet with friends at someone's house before going out.

LOANS

Personal Loans are a common form of borrowing that people use to purchase things that they can't afford to pay outright at a given time. A way to save money on personal loans is to pay a little extra each repayment, which therefore reduces the loan term and the amount you pay in interest. For example, Steve takes a personal loan for \$10,000 to be used in buying a new ute. At a competitive interest rate of 11.00% over five years his repayments would be \$50.04 a week. If he sticks to this amount and pays every repayment on time, after five years he will have paid back the \$10,000 plus \$3011.13 making a total of \$13,011.13. However, if Steve budget's well and is able to pay \$20 more a week and therefore take his repayments to \$70.04 a week he can take 1 year and 8 months off the loan term and save \$1093.27 in interest.



Australian Government
Department of Health and Ageing