

Managing Money

Budgeting



Everyone makes different decisions about how they use their money. Identifying income and controlling the way you spend it is the way to begin a money management plan. Saving money will give you freedom to buy the things you want without going into debt or feeling guilty!

The word 'budget' has a strange effect on some people – instant boredom, tuning out, stifled yawns and visions of endless Saturday nights in front of the television. But believe it or not, successful budgeting means you will never miss out on the things you really want.

Put simply, budgeting is managing money so that it can be put to good use. It involves three main areas: income, expenses and saving. Unfortunately, simply saving what is left over after expenses is not money management. You need to know where your money is going and have a plan for it.

Having a goal

It is far easier to save money if you have an obtainable goal to strive for – that new car stereo you need, or that new outfit... Saving money for a particular purpose means estimating your income, identifying your expenses and making adjustments to make your savings grow.

To start your budget, grab some paper and a pen and draw two columns. In the first one list your usual expenses for the week – rent, food, car loan, petrol, entertainment etc. Think back to last week if you get stuck, even adding bus fares, magazines and junk food. The more realistic your budget is, the more it will help you and the more likely you are to stick to it. In the other column write how much each of these cost you a week. Don't feel guilty when you think of that \$80 you blew Saturday night, write it down! It will do you good to realise the amount you spent. Now add it all up. Your total expenses **should not** be more than your weekly income.

Think about your goal, how much it will cost and when you want to achieve it by. Work out how much you will need to save a week to get there. Unless you have 'money to burn' (chances are you don't, seeing as you're checking out a page on budgeting) you will need to lower your weekly expenses, so you can save the amount you need. Cut out or down on unnecessary items - do you really need to buy Cosmo just for that hot article on Hugh Jackman? OK, bad example. Think about alternatives – instead of buying a 600ml coke each day, buy your softdrink in bulk from the supermarket and keep it in the fridge at work or pack your lunch as often as you can. The more money you need to save each week to reach your goal, the bigger the sacrifices will have to be.

