

## HOW TO DO A BUDGET

Easy steps to plan and manage how you spend your money

**Having a budget helps you see where your money is going. You can put aside money for bills and expenses and set up a plan to reach your financial goals.**

Follow these steps to get started. Use how often you get paid as the timeframe for your budget. For example, if you get paid weekly, set up a weekly budget.

### 1. Record your income

Record how much money is coming in and when. If you don't have a regular income, work out an average amount.

Make a list of all the money coming in, including:

- how much
- where from
- how often (weekly, fortnightly, monthly or yearly)

This money could be from your wages, pension, government benefit or payment, or income from investments.

### 2. Add up your expenses

Regular expenses are your 'needs' - the essential items you need to pay for to live. These include:

**Fixed expenses**, for example:

- rent or mortgage payments
- electricity, gas and phone bills
- council rates
- household expenses, like food and groceries
- medical costs and insurance
- transport costs, like car registration or public transport
- family costs, like baby products, child care, school fees and sporting activities

**Debt expenses**, for example:

- personal loan repayments
- credit card payments

Please note: This article is general in nature and not to be considered specific advice as your situation has not been taken into consideration. Chocolate Money holds an Australian Credit License - 387277

- mortgage repayments

### **Unexpected expenses, for example:**

- car repairs and services
- medical bills
- extra school costs
- pet costs

To make sure you've recorded all your expenses, look at your bills or bank statements. Include what the expense is for, how much and when you pay it.

If you tracked your spending, use your list of transactions.

### **3. Set your spending limit**

The money you have left after expenses is your spending and saving money.

Your spending money is for 'wants', such as entertainment, eating out and hobbies.

Make a plan for what you want to do with your spending money. This will help you to see where it goes and keep within your spending limit.

### **4. Set your savings goal**

If you have a savings goal you can use your budget to work towards it.

Once you know how much money you have for 'wants', you can work out how much of it you'd like to save.

Having some savings can create a safety net for unexpected expenses. Even a small amount set aside regularly will make a difference.

### **5. Adjust your budget**

Your budget needs to work for you and your lifestyle so it's important to adjust your budget as things change.

For example, if your expenses start to increase you may need to reduce your spending, or change your savings goal. Or you might be able to save more if you get a pay rise or you pay off some debt.

### **To consider:**

In certain circumstances, consolidating debts together will reduce your monthly expenses. This can often be achieved by refinancing your loans into your mortgage for example.

Negotiating lower rates, lower fees, changing banks or mortgage providers or paying 'interest-only' repayments instead of 'principal and interest' repayments, are all ways you can lower your monthly commitments.

If your personal situation is tied into your business, you may want to contact Harry Pontikis directly for a no-obligation business health check as well as a personal budget analysis.

To obtain specific and tailored advice regarding your options, contact Chocolate Money on 1300 137 539 or [harry@chocolatemoney.com.au](mailto:harry@chocolatemoney.com.au)