# **Self Help Tools**







## Quick Tools to help you set up your budget

Setting up a budget need not be daunting.

Here's a simple way to help you understand how to do this.

## **STEP1**

Assess your monthly income.

## STEP 2

Work out your monthly expenses.

You will need to set up a 'Spending Diary' to track your spending habits.

### STEP 3

Classify your expenses into categories to understand them better.

# HELP YOURSEI

#### STEP 4

Compare your income with your expenses.

This will help you create a realistic and manageable budget.



## Step 1: Assess your monthly income

Template to help you assess your monthly income

#### Add all sources of monthly income

Track all monthly income and for this purpose use 'net' (take home) amounts rather than gross amounts. If the income is paid fortnightly, then consider the monthly equivalent of that amount.

#### Sources of Income **Average Monthly Income** Frequency Amount Quarterly/ Weekly/ Monthly Salary /Wages Benefits Allowances Pension Maintenance Others **Average Monthly Income**



The main purpose is to accurately assess your - **AVERAGE MONTHLY INCOME** 



## Step 2: Work out your monthly expenses

#### Set up a Spending Diary - capture all you spend for the month

Spend Diary - One Month

| Day / Date     | Reason for Spend<br>[What did you spend the money on?] | Amount<br>[How much did you spend] | Category<br>[Do this at the end of the month]<br>Eg. Housing / Health/ Fitness | Tracking and the budgetin |
|----------------|--|------------------------------------|--|---------------------------|
|                |  |                                    | Eg. Housing / Health / Fitness   |                           |
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## Tracking and monitoring your spending is an important part of the budgeting process and needs discipline. Stick with it.

This way of tracking daily spends through the course of the month helps you understand where and what you are spending on. The Spending Diary is the first step of tracking expenses.

Record all expenses here and maintain this for a full month.

The category section can be filled at the end of the month when you review your expenses.

## AVERAGE MONTHLY SPENDS

## **DIGITALLY YOURS**



## Step 3: Categorise your spending to understand it better

#### Review your Spending Diary and categorise your spending to help you understand it better.

All your spending can be grouped into the following broad categories .

This summarised information will help you understand you to better understand your spending patterns.

| Spend Category  | Total Monthly (average) spend |           |
|---|-------------------------------|-----------|
| Housing   |                               |           |
| [Rental/ Mortgage Installment/Property Tax/ Insurance]                          |                               |           |
| Debt Payments   |                               |           |
| [Credit Cards/ Personal Loans/ Auto Loan]                                       |                               |           |
| Utilities   |                               |           |
| [Electricity, Gas, water, Telephone, WIFI]                                      |                               |           |
| Food / Groceries  |                               |           |
| Clothing/ Personal Grooming   |                               |           |
| Transport   |                               | $\langle$ |
| [Fuel/vehicle maintenance/public transport pass]                                |                               |           |
| Health  |                               |           |
| [Doctor/ Prescriptions]   |                               |           |
| Recreation / Entertainment  |                               |           |
| [Dining out/ Travel/ Movies /Club membership etc.]                              |                               |           |
| Others  |                               |           |
| [Anything that does not fall under the above and may not be regularly incurred] |                               |           |



## MONTHLY SPENDING PATTERNS ON WHAT & HOW MUCH

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## Step 4: Assessing Monthly Income vs. Monthly Expenses

## Finally assess your monthly savings

#### TOTAL AVERAGE MONTHLY INCOME - TOTAL AVERAGE MONTHLY SPENDS

[Subtract Total average monthly spend from Total average monthly income]

If this value is >0 then this is your average monthly saving.

If this value is <0 then you must review your average monthly spends.

First review the summarised version of expenses by category – **STEP 3** Identify categories that are abnormally high or odd Review the Daily Spend Diary for these spends –– **STEP 3** Identify these expenses and act on them or curtail them



What gets measured gets managed!  $\rightarrow$  You can now set up and manage your own budget