



*Towards the Future*

# 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.

## STEP 1

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

## STEP 4

Compare your income with your expenses. This will help you create a realistic and manageable budget.

# Step 1

## 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.

### Template to help you assess your monthly income

Sources of Income	Amount	Frequency Quarterly/ Weekly/Monthly	Average Monthly Income
Salary /Wages			
Benefits			
Allowances			
Others			
Total Average Monthly Income			

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



# Step 2

## Work out your monthly expenses

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

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.

Date /Day	Reason for Spend [What did you spend the money on?]	Category [Do this at the end of the month] Eg. Housing /Health/ Fitness	Amount [How much did you spend]
TOTAL AMOUNT SPENT			

The main purpose is to accurately assess your –**AVERAGE MONTHLY SPENDS**



# Step 3

## Categorize 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 summarized information will help you understand you to better understand your spending patterns.

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

The main purpose is to assess your – **MONTHLY SPENDING PATTERNS ON WHAT & HOW MUCH**



# 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 summarized 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!



You can now set up and manage your own budget

