

START YOUR BUDGET



Workbook

Brought to you by



**TAKE CHARGE
OF YOUR MONEY!**

GATHER THE INFO

GATHER THE INFO

4

Get all your
income &
expenses

This workbook relates to Lessons 4 & 5 (the practical bits of creating a budget) but I would really encourage you to watch the videos in Lessons 1 - 3 if you haven't already. They've got lots of practical tips & tricks and useful insights for you that will help you to manage your money better!

In **Lesson 4** you are asked to gather the info of what you earn and what you spend. You can use any method that makes sense to you and this workbook is simply a guide to get you started. Be creative but remember to keep things simple; too much detail and complexity may end up causing you to give up as it ends up feeling like hard work.

STEP 1 - UNDERSTAND WHAT YOU EARN

It's really important to know what you actually earn. If you earn a monthly or weekly salary it's quite simple to get the details and if you are freelancer you should write down the actual income (money you actually received in your bank) over the past 3 - 6 months and get an average income. Also try see if there are trends that may assist with your planning.

EXERCISE 1 - HOW MUCH DO YOU EARN?

Fixed Salary

If you earn a fixed salary simply take note of the actual amount that is deposited into your bank account (also called the net amount). If this is weekly you can get an average monthly amount with the following sum: $\text{Weekly Income} \times 52 / 12$

EXERCISE 3 - FIND YOUR TRUE EXPENSE

Now print out a copy of your bank statement and all credit card statements and get some different color pens. You can also download your statements into a spreadsheet and do this on your computer.

Use these 4 categories:

Obligations - things that you have to pay (debt, contracts, legal obligations)

Living Expenses - food, clothing, water & lights, schooling, transport and things that you need in order to live

Nice-to-have's - things that you like but don't necessarily need

Obvious overspend - it's obvious that this expense was an overspend and should be stopped!

10 Sep	Knead Bakery Newlands	37.50
10 Sep	Spar Groot Schuur Spar Observatory	81.47
10 Sep	Woolworths Dean Street Newlands	151.59
11 Sep	Pnp Fran Observatory Observatory	37.98
11 Sep	Spar Groot Schuur Spar Observatory	38.09
12 Sep	Film Roeland Street Cape Town	267.05
12 Sep	Gardens Orbit Cellular. Gardens	199.00
12 Sep	Mainland China Superma1 Claremont	464.00
13 Sep	Komati Foods Cape Town	175.10
13 Sep	Plastipak Cape Town Za	28.00
15 Sep	Snapsan Knead Bakery K Rosebank	120.00

Note: The "Obvious Overspend" can be applied along with a different category. So if the item is a Truworths Shopping for clothing, perhaps it falls under Living Expenses but it is also an obvious overspend. That's cool.

After getting a visual of where your expenses are going, try to add up expenses and compare them to your estimates in Exercise 1.

So in Exercise 2 you may have estimated R300 on take-away food so now you should try find all transactions that relate to take-away food and tally them up. How good was your estimate?

CREDIT CARDS

Credit Cards	How much to do owe now?	What type of stuff do you use this card for?	How much do you spend last month?	How much did you pay back last month?

SHORT-TERM LOANS (FROM FRIENDS / FAMILY / BANKS / PAYDAY LOANS)

Loan Name	How much to do owe now?	What did you use the money for?	How much do you pay back each month?

OVERDRAFT ON YOUR BANK ACCUNT

Bank	How much to do owe now?	Why do you need the overdraft?

Does this give you some insight as to where your money was spent?

Now set up your budget for next month and use your **True Expenses** as a reference. Remember:

1. You can change your budget every month!
2. Think about upcoming expenses such as birthday parties, school trips, weekend activities, car service, etc.
3. Try to set aside some money for emergencies
4. Try to pay a bit extra on debt if you can

Here is an example but it's probably a good time to create your own spreadsheet or to find a method that will work for you. The categories need to be relevant to you

MY BUDGET FOR NEXT MONTH

Category	Amount		Category	Amount
EXPENSES - OBLIGATIONS			EXPENSES - LIVING	
Rental	8000		Food	2800
Insurance	1200		Clothing	300
Cellphone	350		Household	500
Rates / Taxes	400		Petrol	1200
Subscriptions	700		Pets	400
School Fees	1500		Toiletries	800
EXPENSES - DEBT REAYMENTS			EXPENSES - NICE TO HAVE	
Home Loan			Eating Out	600
Car Loan	2345		Weekend Away	800
Credit Card	2000		Johns Birthday!	250
Store Card 1	320			
Store Card 2			SAVINGS & INVESTMENTS	
			Allan Gray	500
			Emergency Fund	500
TOTAL EXPENSES	24965			
INCOME	21000			
I am spending more than I earn so I have to cut back on something!!!!				

The idea is to **spend less than you earn!**

IMPORTANT! Do you remember the video with Nicolette where she speaks about people doing being silly and lying to themselves about expenses just so that the budget balances? That is really pointless! If you find that you don't have enough money for your expenses then you either have to cut down or you need to earn more. **Debt is not an option!**

(If you find that you literally cannot survive without debt then you should seriously consider seeking debt counselling!)

Freelancers - remember when Di spoke about the "magic number" - the least amount of money you need to survive? That is most probably all your expenses under Obligations. You need to pay yourself a "salary" each month to cover at least those expenses and in good months you need to save for the bad months.

It really can be hard in the beginning to cut back and find ways to make your money work but once you have paid off debt and have gotten into the habit of spending money consciously, it really **gets easier!**

