START YOUR BUDGET



Workbook

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GATHER THE INFO

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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: Weekly Income \times 52 / 12

Also take note of all tax that you pay as well as company deductions. You don't need these for your budget now but it is very useful to understand what you are paying and why. If you're not sure of anything simply ask your HR department.

Monthly	Income:	
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Freelancer / Contractor

Freelancers can use this table to calculate an average income. You should set aside money for tax upfront to avoid any nasty surprises! Only take money that you have actually received into account as outstanding invoices are no guarantee of income.

AVERAGE INCOME (3 - 6 MONTHS)

Date	Income	How much should I set aside for tax?
Total Income (excluding money set aside for tax)		
Over how many months?		
Average Net Income		

^{*} With regards tax I find it easier to set aside a percentage and save it in a separate account. You can however choose a method that works best for you but you must take tax into account each month so that you don't get caught with a large tax bill at the end of the year!

STEP 2 - KNOW YOUR EXPENSES

This section is to understand where your money is going.

EXERCISE 2 - ESTIMATE YOUR MONTHLY EXPENSES

Try to guess how you spent your money last month.

ESTIMATED EXPENSES

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Category	Estimate (best guess)	True Expense (Exercise 3)
Rental		
Home Loan		
Water / Electricity / Gas / Rates		
Home Security		
Car Finance		
Insurance		
Petrol / Transport Costs		
Clothing		
Tiletries		
Cellphone		
Internet		
TV / subscription channels		
Groceries		
Eating Out		
School Fees		
Weekend Entertainment		
Smoking / Drinking		
Savings (do you save anything?)		
Add your own		

EXERCISE 3 - FIND YOUR TRUE EXPENSE

Now print out a copy f 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 expenses 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	Flm 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	Snapscan Knead Bakery K Rosebank	120.00
19 och	Cudboodii imona Ballari i alla di alla	106.04

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?

You won't be able to find all the exact details as your bank statement doesn't show details of what you actually bought. But, it should be sufficient to help you see the main categories and types of expenses and to also see if your true expenses are in line with what you think they are.



Lesson 5 is all about your budget in action and how to actually manage your money on a daily basis.

STEP 3 - KNOWING YOUR DEBT

One of the terrible problems with debt is that we have to use our current months income to pay for past expenses. This means that we don't necessarily have enough money left to see us through the month which is why we

inevitably use more debt. It's a terrible cycle and one that you should break.

It's really hard to manage your money and plan for future expenses when you keep having to catch up and pay for past expenses (and extra fees & interest that go with them)

EXERCISE 4 - ANALYSE YOUR DEBT

Spend a few minutes now looking for all the money you owe on store cards, credit cards, short term loans and bank overdrafts. List them now and really put in the effort to find the correct details.

STORE CARDS

Store Name	How much to do owe now?	What type of stuff do you buy here?	How much did you spend last month?	How much did you pay back last month?

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?

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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?

STEP 4 - START YOUR SPENDING PLAN

You now have all the info you need to put together your budget! You know what you earn, what you spend as well as how much debt you have.

Now is also a good time to think about upcoming expenses that you know of such as birthday parties, anniversary, events you have to attend or just some car maintenance.

EXERCISE 5 - MAKE YOUR PLAN

Start off by looking for all automated payments that come off your account so that you know how much money you need to have to cover them. (These are **Obligations**)

BankAccount / Credit Card	Who are you paying?	Date of transaction	How much?	What is it for?

Do you need the contracts / services for all these automated payments?

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**!

EXERCISE 6 - TRACK YOUR EXPENSES

Now it's time to start tracking your daily expenses. Each and every time you spend money on anything. Even the smallest transaction, capture it so that you ca see exactly where your money is going.

Do this for at least 7 days, but completing it for a full month is even better! You can do this in the space provided or make a new spreadsheet or even find an app to help you. But, don't overcomplicate it!

You may notice that using cash makes you more conscious about spending money.

Date	Where	What	How (cash, credit card, store card, etc)	Essential spending? (Tick if yes)