

**LIFE. MONEY.
LEGACY.**

ONLINE

BUDGETING

Whether you have debt or not, we strongly recommend that you set a budget. Why? Because a budget allows you to control your money rather than the other way around.

It begins by getting an accurate picture of your total income and then deciding how you will allocate it. This may be revised as circumstances change.

How to set a Budget:

- Go through your bank statement or bills for the last two or three months and add and delete categories from the template budget to fit your expenditures.
- Think about your hobbies and your habits and be sure to add categories for these expenses.
- For each expense category, try to determine a budget amount that realistically reflects your actual expenses while setting targeted spending levels that will enable you to reduce your expenditure.
- If an expense is incurred more or less often than monthly, convert it to a monthly amount when calculating the monthly budget amount. For instance, a motor vehicle expense that is billed every six months would be converted to monthly by dividing the six-month premium by six.
- Once you're comfortable with your expense categories and budgeted amounts, enter expenditures from your bank statement from the last month.
- Keep track of cash expenditures throughout the month and total and categorize these at the end of each month.

- Subtotal the income and expense categories. Subtract the total expenses from the total income to arrive at your surplus/deficit.
- If the number is negative, your expenses are greater than your income. Your situation can probably be greatly improved by changing your spending habits.
- After you've tracked your actual spending for a month or two, analyze your spending to identify where you can comfortably make cuts.
- Once you've got the budgeting process in place, take an in-depth look at your largest spending categories, brainstorm ways to reduce spending in specific categories and set realistic goals.

Keep this in mind: One of the top reasons, if not the top reason, so many people fail at budgeting is because of their attitude. Don't think of it as a penny-pinching sacrifice but rather of a means for achieving your financial goals and dreams. Many people refuse to budget because of budgeting's negative connotation.

If you're one of these people, try thinking of it as a "spending plan" instead of a "budget". It's like the difference between going on a diet and eating healthy. One is negative and restrictive; the other is positive and allows you to indulge now and then and still achieve your goals.

Here's a budget template that will help you get going.

Visit: [Everydollar.com](https://www.everydollar.com)

BUDGETING

Monthly Income

Net salary
Interest Income
Other income

Total Income

Less
TITHE
Total Spendable Income

Total monthly Living expenses

Surplus/Deficit

Monthly Living Expenses

Housing

Bond/Rent
Insurance
Rates
Water
Electricity
Security
Internet
DSTV
Netflix
Domestic Worker
Gardener
Levy
Other

Total

Groceries

Car

Repayment
Petrol/Diesel
Insurance
Maintenance/Oil/License
Other

Total

Medical

Medical Aid
Prescriptions/Medication
Doctors
Other

Total

Kids

School fees
Transport
Uniform/Stationery
Extra murals
Pocket money/savings
Other

Total

Entertainment

Eating out
Activities
Holidays
Timeshare levy
Other

Total

Miscellaneous

Bank fees
Cell Phone
Toiletries
Beauty/Barber
Subscriptions
Allowances
Pets
Offerings
Clothing
Other

Total

Short Term Debt

Credit cards
Store accounts
Loans
Overdraft
Other

Total

Investment/Savings

Life Insurance
Retirement Annuity
Unit Trusts
Other

Total

GETTING OUT OF DEBT

Method to get out of debt- Debt Snowball

Use the debt snowball.

1. List your debts from smallest to largest.
 - With the smallest payoff or balance first. Do not be concerned with interest rates or terms unless two debts have similar balances, then list the higher interest rate debt first.
2. Try and find some extra money in your budget to allocate to the debt snowball.
3. Pay the minimum payment on everything except the smallest one.
(Add the extra amount from no 2 to this minimum payment.)
4. Attack the smallest one (regardless of the interest rate), until you pay it off.
 - Paying the little debts off first shows you quick feedback and you are more likely to stay with the plan.
5. Then work on the next one, until it is paid, then the next one and so on.
6. As you start paying them off you will start to believe that you can win.
7. **Don't add new debts to the list.**

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