

How to Budget



Step 1

Make a list of **fixed costs** or expenses. These are the things you **have to pay** and are the **same every month**: your rent or home loan repayments, school fees etc. Add them up to get the total.

FIXED COSTS:

rent	R500
insurance	R150
school fees	R200
car repayment	R180
TOTAL FIXED COSTS	<u>R1 030</u>

Step 2

Now write down your **variable or changing costs**. These are things that you pay or buy **every month**, but the **amount is not always exactly the same**; for example, electricity, groceries, phone, account payments, entertainment etc. Include an amount called "other" for unexpected expenses. Find the total.

CHANGING COSTS

electricity/water	R250
accounts	R200
groceries	R500
petrol/repairs	R120
telephone	R110
entertainment	R200
medicine	R100
other	<u>R200</u>
TOTAL CHANGING COSTS	<u>R1 680</u>

Step 3

Add the **total for fixed costs** and the **total for changing costs** together. Write down the answer.

The Shabalala family budget

FIXED COSTS

rent	R500
insurance	R150
school fees	R200
car repayment	<u>R180</u>

TOTAL fixed costs **R1 030**

CHANGING COSTS

electricity/water	R250
accounts	R200
groceries	R500
petrol/repairs	R120
telephone	R110
entertainment	R200
medicine	R100
other	<u>R200</u>

TOTAL changing costs **R1 680**

TOTAL COSTS **R2 710**

Total income R2 400

WE STILL NEED **R 310**

Step 4

Lastly, write down a list of your **total income** for the month. This is the amount of **money you have available to spend** each month.

Step 5

Subtract the smaller amount from the bigger amount. If **costs are bigger**, you have **spent more** money than you have. If **income is bigger**, you have **money over!**



FOLLOW THESE STEPS TO DRAW UP YOUR OWN BUDGET. INVOLVE EVERYONE IN THE FAMILY AND MAKE SURE YOU INCLUDE ALL YOUR COSTS AND EXPENSES!



This is where you will find the lists of needs and wants that you made are useful.

- Look at your **budget**. **Tick off** the things on your “**needs**” list — those things that are **essential**, like rent, school fees etc. Most of your fixed costs will be included. The things that are left are your wants — these are the things you can cut down on.
- Start with the **luxuries** like entertainment. These can be cut out for a **few months** until you are spending within your budget and are out of trouble. Cut down on a few different things rather than doing without any luxuries at all. This way you will still have “treats” to look forward to!
- If this does not give you enough to cover your shortfall, you will have to start looking at things that are **important, but that you can do without**, like new clothes and luxury groceries too.
- **At the end of each month**, go through your budget carefully and make changes where necessary. Your problems will not disappear overnight, but don’t give up. You **will** gain control of your money!



Golden Rules

- First pay for the things you need , then buy the things you want.
- Draw up a monthly budget and stick to it. Learn from your mistakes.
 - Use credit only to buy things that you will still be using after you have paid for them.
 - Borrow from microlenders only when you have no other choice.
 - Save, save, save — even if it is only a little every month.
 - Buy insurance only from someone you trust. Check that he or she is registered or licensed.
 - There is no such thing as fast, easy money — don’t listen to anyone who promises to make you rich overnight!

