

# Budgeting

Doing a budget gives you a clear picture of your income and expenses. It can help you spend less and save more to achieve your goals.

## What is a budget?

A budget is an estimate of how much money you make, spend and save.

Budgeting helps you direct your money to where it matters most, and cut back on things you don't need.

Most budgets are for a set period of time, such as a month or year.

## Do your budget

### 1. Record your income

Make a list of all the money coming in, including:

- how much
- where from
- how often

### 2. Add up your expenses

Include both regular and unexpected expenses. Find these on your banking app, bills or bank statements.

### 3. Set a savings goal

Build up savings to create a safety net for unexpected expenses or save for a goal such as a holiday.

### 4. Set a spending limit

The money you have left after expenses and savings is your spending money.

You can adjust your budget as your spending or situation changes.

## Adjust your spending

Once you've done your budget try to find areas where you can make a change.

It may surprise you how much small things can add up. You could also discover hidden costs. For example, subscriptions you don't use anymore.

You don't have to do everything at once — pick one spending habit to start with.

If you have more going out than coming in it's time to make some choices. Think about what are:

- Needs – Things you can't do without
- Wants – Things you could do without, at least for a while

## Make budgeting easier

To help make budgeting easier, consider having separate bank accounts. You could have:

- a transaction account for bills and expenses
- a transaction account for spending
- a savings account for your goals

You can then automate regular transfers into each account. You can also set up direct debits when your bills are due.

### Smart tips for the supermarket

One of the biggest regular costs for Australians is groceries.

To reduce your supermarket spend:

- ▶ plan meals in advance and only shop for those ingredients
- ▶ buy home brands
- ▶ buy fruit and vegetables that are in season or on sale
- ▶ cook meals like soups and pasta sauces that have lots of left overs you can freeze for later
- ▶ meat can be expensive, so plan some meals that don't include meat

### Case study:

#### Kunaal's budget builds a buffer

Kunaal used Moneysmart's Budget Planner to see where his money was going. He decided he could afford to put \$30 aside each fortnight into savings.

He set up an automatic transfer so that \$30 from his pay goes into a savings account each fortnight. After two years Kunaal had over \$1,500 saved up.

When Kunaal's washing machine died he used the money he'd saved up to buy a new one. He didn't need to use his credit card, saving him interest.



### Smart tip

Use the [Budget Planner](#) at [moneysmart.gov.au](https://moneysmart.gov.au) to help you work out where your money is going.