



BUDGET 101

Want a word that will change your future for the better? “Budget” is that word.

Why should I care?

Being a Budget Boss is part of being financially capable. This means having the savvy to...

- ✓ Keep track of your money
- ✓ Plan ahead
- ✓ Make informed decisions about your money
- ✓ Realise that doing life admin today means more time for Netflix tomorrow

Having your own money gives you independence. That's a powerful thing.

So how do I do it?

- ✓ Decide on a regular “Budget Day” – weekly, fortnightly or even monthly, but do it regularly.
- ✓ Open a word doc on your laptop and get your mobile phone ready (you'll be logging into your bank account).
- ✓ Press play on Skillsroad's Ka-Ching! playlist on Spotify to get in the money mood!

Now create three columns on your word doc. Label them as follows:

- ✓ “Income”: pocket money, wages, tutoring money, freelance work...
- ✓ “Fixed Expenses”: regular “must pay” bills or expenses such as weekly groceries, rent, student loan repayments, subscriptions to magazines, games or apps; mobile data, Netflix and streaming costs, public transport... You get the picture.
- ✓ Fluid Expenses”: random purchases such as clothes, movie tickets, late-night Maccas...

Using the last week, two weeks or month's transactions on your bank account as a guide, fill in each column with its income or expense item.

You should try to do this weekly for a month to get a good idea of what your expenses are likely to be.

Calculate the total at the end of each column, and subtract your total “expenses” from your total “income”. In a winning world, you should have some money left over (being “in the black”). But sometimes, you'll have spent more than you actually have (being “in the red”).

The percentage game

Try to break down your spending like this:

- ✓ Spend **60%** of your income on fixed and general expenses,
- ✓ **10%** on treating yourself,
- ✓ **10%** on saving for a medium or long-term goal (like a holiday) and,
- ✓ **20%** on building up a long-term fund that you can use for stuff like putting down a deposit on your first home or dealing with an unexpected financial emergency.

This doesn't have to be set in stone — play around with percentages to see what works best for you.

Choose your own adventure!

Whoop! Your budget is in the black! Do you:

- a) Put it in your savings account to start earning interest – you want to go to Bali ASAP!
- b) Spend part of it on a small treat for yourself – you’ve been eyeing those kicks for a while now...
- c) Leave it in your transaction account – you think an unexpected expense might pull a sneak attack.

Option a:

You’re winning at saving! Regularly putting money (even small amounts) into your savings account means that it will grow much quicker – and compound interest will make the journey to your goal so much sweeter.

Option b:

Spending a bit of money on yourself is not a bad thing – ‘cos life can’t be all work and no treats! But try to spend only part of what you have left over, and put the rest in your savings account.

Option c:

You’re cautious, which is not a bad thing – unexpected emergencies happen. But rather put the money (or some of it) into a special “emergency” savings account that you can’t touch, until you really need it.

Your budget is a bit red-faced... Do you:

- a) Curl up and cry, then cut up your credit card!
- b) Start looking for a side hustle and chase up on any unpaid jobs and money friends owe you.
- c) Work out where you can cut down on expenses to make sure that this doesn’t happen again.

Option a:

It’s your budget party and you can cry if you want to! But follow crying with practical action: cutting up your credit card is a good start.

Option b:

Making sure that people pay you on time is a good skill to learn. Finding a side hustle for extra income is even better. Combine it with **Option c** for optimum results.

Option c:

You’re taking responsibility for your budget – and that’s awesome! Once you see what you spend your money on, you’ll definitely find places where you can save a bit more to never be in the red again.



Key tips to take away

- Make sure your income covers your fixed expenses BEFORE budgeting for extras and treats.
- NEVER spend more money than you actually earn!
- When you have a little something extra, put it where it can grow.



Get in touch

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