

How to plan a Budget

Where has it all gone?

How often do you find that by the end of the month you are feeling rather poor, or that a washing machine breakdown causes real financial hassle?

A budget may sound like a boring thing, but will actually help you to control your finances and to know where your money goes (yes, all those Costa coffees do add up!). It will also help you to plan for big things that you may need to save up for, such as holidays, a new car, or even a new member of the family!

How to do it.

Be honest with the figures you set - they have to be realistic or you will not be able to stick to them

How much money do you get each week / month?

This could be:

Your salary (after tax and National Insurance has been deducted)

Any pension money you receive

Any benefits you receive (including tax credits)

Any other income such as child support, rent from lodgers/family members

What do you spend it on?

Next you need to make a list of all the things you regularly spend money on. A good way to do this is to write down everything that you spend for a month or two. Following this sheet is a two page Budget Sheet, similar to the one we use when we meet with clients. It will give you some ideas of the things you need to include.

Don't forget that some expenses only come round once a year - for example, an MOT, your car tax and your TV licence. Look back to the last time you paid these, and see what the amount was (although be aware that it might go up next time you pay it). The easiest way to work out how much this would cost you per month is to divide the total amount by 12.

It is also helpful to set aside some money for birthdays and Christmas and any holidays you have planned - then the money is set aside for when you want it.

Make sure the important items are listed first and are always paid - your rent / mortgage, utility bills (gas, electric and water) and council tax.

Try to include some money for savings - it doesn't have to be a big amount, but you will be surprised by the end result if you regularly save.