



# GOVERNMENT DIALOGUE

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IN CONVERSATION WITH THE PUBLIC EMPLOYEE

## How to create and stick to a budget



**B**udgeting is a skill that anybody can learn, especially if you think about a budget as your own personal "Spending Plan". Not many people know how to create or stick to a budget but once you get the hang of it, a budget will help you to control your money and stop making impulse purchases. If you find budgeting difficult, these six secrets will help you become a budgeting expert.

### Don't let misconceptions hinder you

Living on a budget does not necessarily mean that your lifestyle will change drastically.

Also, creating a budget – and living with it – does not have to be so restrictive. Besides giving you power and control over your finances, a skillfully crafted budget:

- keeps you from living paycheque-to-paycheque;

- allows you to save for future goals and dreams;
- helps you avoid going into debt;
- reduces the stress and worry about paying bills.

When you look at these benefits of having a budget, or a "Spending Plan," it's clear that you should embrace the concept and not worry about it.

### Make a list of all expenses

Creating a list of your bills is an essential part of creating a budget. Include all your expenses on the list. Some common categories include:

- food
- housing
- entertainment



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- transportation
- debts
- services
- educational costs
- insurance.

Also personalise your list and base it on your lifestyle and circumstance. For instance, if you like to travel, then include a holiday category. When creating your list try to be as accurate as possible.

### Don't break the number one rule of budgeting

The number one rule of budgeting is: you cannot spend more than you earn. Unfortunately, most people don't follow this simple rule. After you add up all your expenses, you need to compare them against your net income (not your gross salary, but your actual

take-home pay). If your bills exceed your net income, you must revamp your Budget/Spending Plan, giving priority to necessities.

Start by cutting out luxuries, then non-essential purchases to bring your spending in line with your income.

### Reward yourself

Reward yourself with "treats" that you've built into your budget. Think of them as rewards for good financial behaviour. Only you can decide what reward would make you happy and motivate you to stick to your budget. By rewarding yourself – with modest but meaningful treats – you won't feel like you're being deprived while on a budget.

### Include a savings category in your budget

Many people don't believe that they cannot save because they don't have the money to do so.

Not putting aside savings in your budget is a big financial mistake. Without regularly setting aside some saving, you're setting yourself up for budgeting failure.

Anytime something pops up – let's say you get a flat tyre – you'll ruin your budget or be forced to use a credit card.



### Don't forget to plan for some budget-busters

Unexpected events and emergencies will come up so it's best to budget for them too. This will help to minimise their impact and not ruin your budget.

Following these six easy tips can help you to create a budget that you can live with and one that will give you peace of mind without too many financial worries.

Source: [yourmoneycounts.com](http://yourmoneycounts.com)

