



## HOW TO WRITE A BASIC BUDGET



### WHY WRITE A BUDGET?

It's can be easy to wonder where your money has gone! Sometimes, saving can feel like a chore that takes forever. If you have a smart, simple budget in place, you can track how much money is coming in and going out. This will help you identify your financial habits and how to improve them; removing your worries and helping you achieve your financial goals.

### WHAT?

Set up a basic budget to help you monitor your finances and save for something you want.

### IT'S OKAY TO...

- > not know what you want to do
- > get knocked into the pit
- > move faster or go slower
- > fail (as long as you tried)

### WHAT YOU NEED

- > A digital spreadsheet, or pen and paper
- > A calculator (or your impressive maths skills!)

### WHAT TO DO

- 01 Choose a template.** You'll need a spreadsheet (written or electronic) to fill in your budget. This will help you see how much you're earning and spending – and how much you have left over. You can make your budget weekly, monthly, quarterly or even yearly.
  - > You can find helpful templates at [www.moneysmart.gov.au](http://www.moneysmart.gov.au):  
<https://moneysmart.gov.au/budgeting/budget-planner>
- 02 Track your spending.** In your spreadsheet, list what you're spending your money on, how often, and how much. You can group your spending into categories, such as leisure, sport, school and holiday. Be honest and as detailed as you can. Record your spending each day, so you have the whole picture. This limits any surprises and allows you to see how you can save.
  - > Bliss Bean has tips on how to track your spending and save money when you're a teenager:  
<https://youtu.be/TfdZDmgXP14>
- 03 Future planning.** Include a column in your budget for savings. Set a target for a realistic savings amount each pay cycle, or each month. You'll need to account for this in your budget. For example, if you would normally have \$300 leftover each month after paying your essential bills, you might want to regularly put some of that in savings towards a game, an event or a holiday. Decide if

## WHAT TO DO CONT:

- you can put \$150 of that \$300 each month into a savings account. You can set up an automatic transfer with your bank, for example the day after your pay comes in. If you budget for this, you'll be aware you have only \$150 leftover each month, not \$300. But your savings will grow without you noticing much.

04

**Review your budget.** What changes can you make, if you need to spend less or to save more? If you don't need to make any changes, it's still good to review your budget regularly, to make sure it's still on track.

05

**Be careful about credit.** Be aware that one of the biggest traps preventing people from saving is the interest charged on credit, such as credit cards or loans. If your credit card charges 11% interest and your savings account gives you 3% interest, you are going backwards if you put \$100 in savings instead of into your credit card. Pay off your credit card in full, and learn the habit of being cautious about using credit.



## GOT IT?

- You have a clear understanding of your spending and saving – and how to maintain it. You can adjust your budget to accommodate unexpected spending, so you can make up the savings the following week or month.



## TRY THIS

If you feel like you've nailed it but you want to level up, try this:

- Learn more about tracking spending and how to factor this into your budget. The Age Senior Economics Writer, Jessica Irvine, has a thorough article (with templates) to guide you through this: [www.theage.com.au/money/planning-and-budgeting/how-to-create-a-household-budget-from-scratch-20210528-p57vxq.html](http://www.theage.com.au/money/planning-and-budgeting/how-to-create-a-household-budget-from-scratch-20210528-p57vxq.html)
- Talk to your bank about high-interest-earning accounts and other ways you can increase your savings.

## SO WHAT?

- Taking control of your finances is a large part of effective self-management. It means you're taking responsibility for your actions and planning for your future, so you can enjoy your life!
- Your problem-solving skills will shine when you have to readjust your budget or rethink what you're spending your money on.
- You'll further develop your critical thinking skills as you'll assess whether your spending matches your values. Values are important in maintaining a self-sufficient and stable lifestyle.

## WHAT ACTION WILL YOU TAKE?

- Choose a budget template, or draw up your spreadsheet.
- Set up your columns for the types of spending you do, such as lifestyle, school, sport, etc.
- Consider setting up an automatic savings transfer each pay day, so that you have savings for bigger items (and security for your future).



## IF YOU LIKED THIS ONE YOU MIGHT WANT TO TRY...

- > How to Say No
- > How to Get a Loan
- > How to Ask for a Raise
- > How to Make an Ethical Judgement
- > How to Create SMART Goals
- > How to Sew Your Own Clothes