

## Building My Basic Budget

	INCOME	\$	\$
	Wages		
	Pension		
	Interest		
	?		
	OUTGOINGS		
	Tithe/Offering/Giving		
	Seed Bag		
	Mortgage/Rent		
	Taxes		
	Council Rates		
	Food		
	Electricity		
	Gas		
	Water		
	House Insurance		
	Telephone/Internet		
	Pay TV		
	Clothing		
	Gifts		
	Entertainment/Outings		
	School Fees		
	Mortgage insurance		
	Health Fund		
	Grooming		
	Life Insurance		
	Superannuation		
	Credit Card repayment		
	Sport/Recreation		
	Public Transport		
	Petrol & Tolls		
	Car Insurance		
	Licences		
	Car Maintenance		
	Pocket Money		
	Asset Replacement/Purchase		
	Vacation		
	Miscellaneous		
	Saving for ?		

**NOW CONSIDER: O** \_\_\_\_\_, **N** \_\_\_\_\_, **W** \_\_\_\_\_

## Ideas Sheet as you commence your Basic Budget

According to the Australian Bureau of Statistics, one in seven Australian households is spending more than it earns and the Australian Securities and Investments Commission (ASIC) has found that only 54% of Australian householders know exactly what their money is spent on. If this is true of you, no matter what country you live in, this has to change.

As you begin your budget you need to question the amount you spend on every item. A cliché from the older generation is worthy of repetition: “A penny saved is a penny earned.” It’s not just about the amount you earn – almost 8% of Australia’s wealthiest households are living on credit. Cutting your costs is as good as a boost in income.

Mortgage/Rent: This item will often will be the largest single item in your household budget. ASIC says that approximately 20% of average weekly expenditure is spent on this item. One solution – refinance into a cheaper mortgage. Sometimes all it takes is the threat to move your loan to get a cheaper rate from your bank or lending organization. Get local advice. Get a half percent reduction on a \$300,000 loan and save \$1500 a year.

Long term your household wealth can be significantly enhanced by finding several small savings and putting them back into your mortgage in monthly payments. An extra \$20 a month on a \$350,000 loan over 30 years at 6.44% will take almost a year (and \$15,000 in repayments) off the cost of your loan.

So where do you find the extra money? Look at every item in your budget – and your household food expenditure is a great place to start.

Food: Make your lunch and take it to work (if you don’t already). An average sandwich and drink will cost you \$12 a day. Just take your own lunch twice a week and save \$96 (less cost of ingredients) a month. A takeaway coffee at \$3.20 a day adds up to \$69 a month. More ideas: end of Chapter 5.

Electricity, Gas, Water: Don’t ignore the potential for savings here. More ideas at the end of Chapter 5 in your manual.

Telephone/Internet: The deals being offered in this area are constantly changing. Review this area regularly. Do you really need both a mobile and a landline? Do you really need that much download? Save \$50 a month in this area and put it into your mortgage. Significant savings can be had in this area.

Credit Card Debt: Do everything you can to eliminate this as quickly as possible and never go into debt on your credit card again. We’ll give you more hints on how to achieve this as we go.

Put EVERY item in your budget under the microscope. \$200 a month saved in costs and put on the mortgage above will save \$116,966 and 6 years off the loan.

The earlier you begin and the longer you act consistently the greater will be the outcome. Earn – Save – Give. Go to it.