

# Managing Your Money

## A guide to working out a personal budget.



Working out a personal budget will help you manage your money and keep control of your finances.

It will help you keep track of your spending, avoid debt, plan for saving, and plan for any changes in your finances when your life changes, for example, moving to a new home, taking a new job, having a baby, retirement.

It is also the first step to take to help yourself if you are struggling to make ends meet, or already have problems in managing debt.

A personal budget sheet includes a list of money coming in, your income and a list of money going out, your **Expenditure**.

The difference between Income and Expenditure, the **Balance**, measures your financial health -you need it to be positive - Income to be more than Expenditure.

This guide will help you complete your budget.

You will need to print out the **Income and Expenditure Forms** but make rough copies of the information before you fill in a final copy on the sheets.

You will find it helpful to use the [Conversion Guide \(Page 3\)](#) and calculator.

## Completing the Income Sheet

You will need to collect information about all sources of your household income. Gather together pay slips, bank statements, benefit receipts and any other records of money received.

You should include:

- Money earned from work – use net income (after deductions)
  - If wages are irregular, average them out.
  - If you are self-employed, use the figures submitted for tax.
- Benefits from Social Security
- Maintenance payments
- Contributions from others in your household
- Income from saving
- Any other income

If you live as a couple, with joint household expenses, it is usual to draw up a joint income sheet.

Make sure you enter all information either *weekly* or *monthly* – don't mix them up. Use the [Conversion Guide \(page 3\)](#) and calculator to help.

## Completing the Expenditure Sheet

It is more difficult to work out all your living expenses. Again, you need to use all the records you have – bills and receipts, credit card statements cheque stubs, bank statements. If you do not have records of everyday cash spending, it is a good idea to keep a daily spending diary for a month before you complete the sheet.

Remember to include items that only occur occasionally.

You need to keep all figures either weekly or monthly, do not mix them up.

You will need to work out average costs for many items that vary, for example heating costs are more in winter than summer. Use the [Conversion Guide](#) and a calculator to help.

If you do not have records you may have to estimate some costs, try to be as realistic as possible.

You should include: -

- Housing - rent, mortgage, house insurance, mortgage protection insurance, parish and States property tax, waste charges, property repairs
- Utilities - electricity, gas, coal, oil, water rates or water charge
- Housekeeping - all food, including pet food, and drink (exclude alcohol), household cleaning materials, laundry/dry cleaning
- Telephone - broadband/landline rental and calls, mobile contract, prepay
- Television - TV licence/rental, Sky subscriptions (Netflix, Amazon Prime) etc
- Transport - car insurance, servicing/repairs, petrol/diesel, bus fares
- Childcare
- Health - health insurance, doctor, dentist, prescriptions; and vet costs/insurance
- Leisure - magazines/newspapers, entertainment, children's activities, holidays
- Personal - clothing, alcohol, cigarettes, toiletries, haircut, children's pocket money, etc
- Pension and life insurance payments
- Savings
- Presents - allow for spending on birthdays and at Christmas
- Maintenance payments
- Court order payments/fines/wage arrest
- Credit/loan repayments

## Finding the Balance

When you have added up all the figures for income and expenditure, take the total expenditure from total income to get the balance.

		<b>Weekly</b>	<b>Monthly</b>
	Total income		
Subtract	Total Expenditure		
Equals	Balance		

# Conversion Guide

## Average

To work out an average, add all the figures then divide the total by the number of figures.

Example:     £25; £30; £15; £30  
              Total = £100  
              Number of figures = 4  
              Average =  $£100 \div 4 = £25$

## For monthly figures

To convert weekly figure to monthly  
Multiply weekly amount by 52, then divide that amount by 12

To convert annual figure to monthly  
Divide annual amount by 12

To convert quarterly figure to monthly  
Divide quarterly amount by 3

To convert 4-weekly figure to monthly  
Multiply 4-weekly amount by 13, then divide that amount by 12

## For weekly figures

To convert monthly figure to weekly  
Multiply monthly amount by 12, then divide the amount by 52

To convert annual figure to weekly  
Divide the annual amount by 52

To convert quarterly figure to weekly  
Divide quarterly amount by 13

To convert 4 weekly-figure to weekly  
Divide by 4