



FINANCE

## IT'S FEBRUARY - GET TO BUDGETING

**The key to managing your money well is developing the right spending and saving habits. Your journey to budgeting begins with this 5-step guide.**

### **STEP 1 – Select a tool of choice**

To create and track your monthly budget, you need to select a budgeting tool of your choice. This can be pen, paper and a calculator; a spreadsheet programme such as Microsoft Excel or a free online budgeting software.

Any of these get your financial journey off to a good start.

### **STEP 2 – Research your past spending and expense projections**

Gather your past bank statements, pay slips, credit card statements, utility bills, and other receipts and begin writing down your monthly expenses (mortgage, transportation, medical bills, grocery costs, etc.)

Use these to map out your projected annual fixed/variable expenses and enter these figures into your budgeting tool.

### **STEP 3 - Examine your income/cashflow**

After jotting your expenses, write down what your monthly income projections are for the year (salary/wages, bonuses, interests, other income).

Subtract your monthly expenses from this figure. If you have a surplus (money left over), consider saving or investing this money. Put the surplus amount into your budget under a separate category.

If your expenses exceed your earnings, it's time to adjust your budget.

### **STEP 4 – Adjust your budget**

If your monthly expenses are leaving you in the red, consider adjusting your budget.

Do this by reducing your discretionary spending, where you can, i.e. cancel unnecessary monthly subscriptions, limit dining out and eliminate daily splurges.

### **STEP 5 – Keep track of your budget**

A budget is only as good as its execution. Be sure to keep track of your numbers to ensure you're sticking to your budget.

Overspent on groceries this month? Then cut back on next month's grocery budget or reduce spending on another category to make up.

Remember, a budget is a work in progress. Hold yourself accountable for your spending and keep tabs of your budget on a regular basis. This way, you stay on track and meet your financial goals.