



## How to prepare a budget?

*It sounds so easy! Just make a list of what you spend your money on each week (or month)...add it up...compare the total with your income... What could be simpler?*

*But if you've tried it, you'll know that there's more to preparing a budget than meets the eye.*

*And, how is it that—despite your best efforts—there always seems to be less in your pocket/purse/bank account than you thought there was?*

Follow the **FOUR STAGE PROCESS** and, over a period of five or six weeks, you will establish a budget that reflects your true spending pattern. Decide whether you budget **weekly** or **monthly**. Most people find it easier to use a weekly budget if they are paid weekly and a monthly budget if they receive their salary monthly.

### STAGE 1

- For at least one month keep a record of what you are spending. Write down everything you spend and include **everything**—whether you use cash, debit card, credit card or cheque.
- If you are preparing a family budget, **everyone** must record his or her spending. If you have children, make it easier by giving them a fixed amount and simply recording that sum.
- Complete Income section on personal budget sheet. Your income should be net, i.e. after tax and NI deducted.

### STAGE 2

- Review all your bills—electricity, gas, water, phone, Council Tax, mortgage, rent etc. Include anything you pay directly from your bank account by Direct Debit or Standing Order.
- For annual bills divide by 52 to get weekly figure or 12 to get monthly figure.
- Sometimes water rates and / or Council tax are paid by 8 or 10 monthly instalments. Use this figure which means that for some months you will have some money left over.
- Go through your **bank statements** and identify any other regular expenditure that hasn't already been included, such as subscriptions, health costs, etc.
- Study your **calendar and diary** and note all birthdays for which you buy gifts. Work out how much you need to put aside each week/month to pay for these. (It's probably more than you think!)
- Look back at your **credit card statements and bank statements** around last Christmas and add up all the costs associated with the festive season. Don't forget to include food and drink...and works celebrations. Divide this sum by 52 or 12 to decide how much you need to set aside.
- Go through **all your statements** - credit card, bank and catalogue, etc—to see how much you spend on clothes and shoes. Again, work out how much you will need to allow in your budget.

### STAGE 3

- The budget sheet is colour coded like traffic lights. Review the priority areas (housing costs / utilities and other important items) to see that no areas have been missed by accident.
- Then review all the items in the Outgoings columns on the **Budget Sheet**. Is there anything that you sometimes spend money on but that hasn't yet been included? How about things like holidays, the car, or emergency household repairs?
- Has your car expenditure included petrol, road tax, MOT, insurance, breakdown cover, new tyres and repair costs?
- You might want to allow a fixed amount in your budget to meet unexpected expenditure. Washing machines, cookers, fridges, etc (as well as the car) might need repair from

### STAGE 4

- Complete the last section on the budget sheet to see what money is left over each week / month. If you spend more than you earn then look to see if there are any ways to reduce your spending.

If you find you are in debt then don't panic. Take the first step towards sorting out your finances. Telephone our free, independent, confidential helpline (run by the Consumer Credit Counselling Service) on Freephone **0800 027 4995**

**Stewardship Volunteer Programme, PO Box 99, Loughton, Essex IG10 3QJ**

Telephone: 020 8502 8585 ; Email: [volunteer@stewardship.org.uk](mailto:volunteer@stewardship.org.uk) ; web: [www.stewardship.org.uk/money](http://www.stewardship.org.uk/money)

STEP 1	Income
	* weekly / monthly
Wages or salary (take home)	_____
Partner's wages or salary (take home)	_____
Tips or commission	_____
Other earnings (net)	_____
Maintenance or child support	_____
State/private/work pension(s)	_____
Income Support	_____
Jobseeker's Allowance	_____
Incapacity benefit / Statutory Sick Pay	_____
Working Tax Credit	_____
Child Tax Credit	_____
Child Benefit	_____
Other Benefit Income	_____
Interest	_____
Boarders or Lodgers	_____
Housing Benefit	_____
Other income	_____
<b>Total Income</b>	<b>BOX 1</b> £ <input type="text"/>

STEP 2	Outgoings
Housing costs / Utilities	* weekly / monthly
Mortgage payment	_____
Rent	_____
Mortgage endowment payments	_____
Second mortgage / other secured loans	_____
Council Tax	_____
Water rates	_____
Service charge or ground rent	_____
Buildings / contents house insurance	_____
Life insurance	_____
Gas	_____
Electricity	_____
Other fuel costs	_____
<b>Total housing costs</b>	<b>BOX 2</b> £ <input type="text"/>

STEP 3	Outgoings
Other Important Items	* weekly / monthly
Home phone & mobile phone(s)	_____
Maintenance or child support payments	_____
Court fines	_____
Pension / AVC payments	_____
Hire Purchase / Conditional sale	_____
TV rental / licence	_____
County Court Judgements ( CCJ)	_____
Tax / National Insurance ( non PAYE)	_____
<b>Total other items</b>	<b>BOX 3</b> £ <input type="text"/>

STEP 4	Outgoings
Everyday expenditure	* weekly / monthly
Food & drink / Housekeeping	_____
Newspapers & magazines	_____
Public transport (work, school, shopping)	_____
Car road tax	_____
Fuel (Petrol, Diesel, Oil etc.)	_____
Car insurance	_____
Car service; MOT;repairs;breakdown cover	_____
Childcare, pocket money, school trips	_____
School meals and meals at work	_____
Pets (food & vet's bills, insurance)	_____
Cigarettes & tobacco	_____
Clothes & footwear	_____
Household items (repairs,replacements etc)	_____
Health costs (e.g. dentist, eye tests)	_____
Other 1	_____
Other 2	_____
<b>Total everyday expenditure</b>	<b>BOX 4</b> £ <input type="text"/>

STEP 5	Outgoings
Other expenditure	* weekly / monthly
Religious and Charitable giving	_____
Entertaining, eating out	_____
Holidays	_____
Savings	_____
Gardening	_____
Hobbies/leisure/sport/gym etc.	_____
Gifts, e.g. birthdays	_____
Christmas presents etc.	_____
Courses and professional fees	_____
Credit Card payments	_____
Loan repayments	_____
Catalogue payments	_____
other 1	_____
other 2	_____
other 3	_____
<b>Total other expenditure</b>	<b>BOX 5</b> £ <input type="text"/>

STEP 6	
<b>Total Income</b>	<b>BOX 1</b> £ <input type="text"/>
Housing costs / Utilities	<b>BOX 2</b> _____
Other Important Items	<b>BOX 3</b> _____
Everyday Expenditure	<b>BOX 4</b> _____
Other Expenditure	<b>BOX 5</b> _____
<b>Total Outgoings</b>	<b>BOX 6 (=box 2,3,4 &amp; 5 )</b> £ <input type="text"/>
<b>Money Left Over</b>	<b>BOX 1 - BOX 6</b> £ <input type="text"/>