YOUR GUIDE TO BUDGETING

Want to get sharp about your finances? The first step is to start with a budget.



Only when you get real and honest with yourself about your spending habits can you truly get sharp about money. So, take out all your receipts, statements and credit cards, and use this guide to begin your journey to financial awareness.





WHAT IS A BUDGET?

A budget is a plan of how to spend your money. It allows you to track your income (how much money is coming in) and your spending habits (how much money is going out).

HOW TO BUILD A BUDGET

Take some time to make a budget for yourself by filling in your income and your expenses below.

BE PREPARED

Gather the following documents that may be needed to create a budget:



INCOME

This is your salary or net income: The total amount you earn after deducting any tax, exemptions or deductions.

NCOME PER MONTH	
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TOTAL			T
R			R
INCOME	EXPENSE	SAVINGS	
R	R	= R] ——

Expenses:

These can be separated into necessities and luxuries.

NECESSITIES

These are essential items that you have to pay for, such as:

Rent/bond payments	R
Lights and water	R
Groceries	R
School fees	R
Transport (petrol or taxi fare)	R
Medical aid	R
Insurance	R
Cell phone	R
Credit cards, store cards and loans:	R
	R
Other	R
	R
	R

LUXURIES

These are non-essential items, or treats, such as:

Extra clothing and shoes	R
Restaurant meals and drinks (including meals from canteens or vendors)	R
Entertainment (movies, clubs, books, magazines, theatre shows)	R
Other	R
	R

OTAL





YOUR GOAL BUDGET

Now that you know how much you are earning each month and where you can cut down on your expenses in order to begin saving money, you can now begin the exciting part - building a goal budget.

1

WHAT IS A GOAL BUDGET?

The final step in the process is building a goal budget. A goal budget is a great way to begin saving towards necessities such as retirement, university funds and your own home, as well as luxuries such as Christmas presents and even those shoes you've had your eye on.

2

HOW DOES A GOAL BUDGET WORK?

First, write down your goal and how much it costs.

Then, fill in:

The amount you **earn monthly** (total income). The amount you **spend monthly** (total expenses). The amount you are able to **save monthly** (savings).

Finally:

Work out how long it will take you to save up for your goal by dividing the cost of the goal by the amount you save monthly.

Fill in your own goal budget on the next page.

Do you have a **Legal&Tax** story that you would like to share with us? We'd love to hear from you!

Send an email to info@legalandtax.co.za or call us on 0860 587 587.

WhatsApp us on +27 71 526 8527. Type "Hi" to chat.

Here is an example of Tom's* goal budget as a guide on how to build your own goal budget.

Tom,* an IT consultant and **Legal&Tax member** from Centurion, wants to buy himself a new car. Here are the steps he takes when completing his goal budget:

GOAL	COST	TOTAL INCOME
This is where you write in what you want to get.	This is where you fill in how much your goal will cost.	This is how much money you bring home every month.
Example: Toyota Yaris Tom's goal is a new Toyota Yaris.	R 175 100 This is the cost of a new Toyota Yaris.	R 20 000 This is Tom's net income (after tax).
Goal 1:	R	R
Goal 2:	R	R
Goal 3:	R	R

spend each month. write in how much you save each month. take you to achieve your goal by dividing the cost of your goa	TOTAL EXPENSES	SAVINGS	TIME
by the amount you save.		write in how much	your goal by dividing the cost of your goal by the amount you

		Savc.
R 12 000 Using the budget guide, Tom has worked out that he spends R12 000 per month.	R 8 000 Tom cut down on restaurant meals with friends and even uses less electricity when he can. This is the amount Tom now saves each month.	22 months Tom worked this out by dividing the cost of his goal by the amount he saves. (R175 000 R8 000 = 21, 8875. Rounded off to 22).
R	R	Months:
R	R	Months:
R	R	Months:

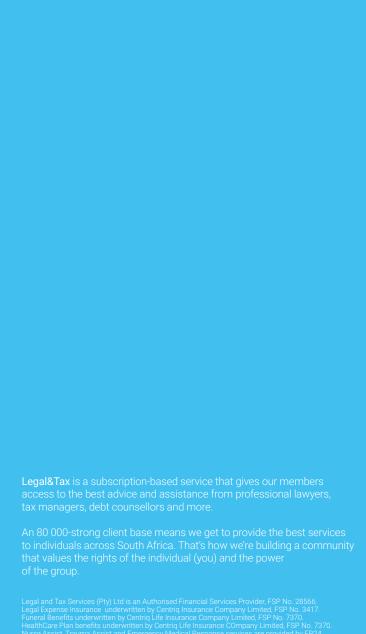
WELL DONE

You have just taken the first step to financial awareness! Look out for more guides to come or go to **legalandtax.co.za** for more info.



DID YOU KNOW?

Legal&Tax clients can get debt advice over the phone. This includes help structuring your salary or simply discussing how best to save money!



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