

Budgeting for Beginners

A step by step guide to making the most of your money



1 Create A List Of Monthly Expenses

Start your budget by listing all outgoing expenses, including **essential items** e.g. housing, groceries, utilities, transportation, loan payments and child care costs. As well as **non-essential items** e.g. gym memberships, entertainment allowances, gifts, clothing and travel.

Top tip:
Looking through past bank and credit card statements can help you to see exactly where your money is going monthly.

2 Calculate Your Income

Your income is the money you receive weekly or monthly from any work you do, benefits, pensions, investments or money from relatives. By working out your income, you can subtract your outgoings and determine what's left over.

Top tip:
If you are self-employed, base your budget on your net amount (what's left after taxes are deducted).

3 Consider One-Off Expenses:

When budgeting it's worth considering whether you will need to pay for large one-off expenses later on in the year, these could include Car MOTs or emergency house repairs.

Top tip:
By dividing any one-off expenses by 12 and adding them to the monthly budget you can put this amount aside every month in a savings account to help you avoid spending it.

4 Check If You Have A Surplus Or Deficit Budget

After adding together your monthly income and taking away your outgoing, any money left is called a **surplus** and can be used to pay towards debts or added to a savings account. If you're spending more than your income you have a **deficit**, increasing the risk of financial difficulties.

Top tip:
Revisit your budget to see if you can cut back in any areas to reduce the deficit or consider getting debt advice .

5 Review Your Budget Regularly:

When budgeting, it is important to review your spending regularly. This should include any increase or decrease in your income, if there are items included that you no longer need, if your benefit entitlements have changed and if you've planned to build up any savings or pay off any debts.

Top tip:
Try using a small diary or budgeting app to track your spending (don't forget to check your online banking!).

6 Consider Setting Up A Savings Account:

If your budget allows it you could set up one or more savings accounts to put money aside. One for planned one-off purchases, and another for creating an emergency fund. **Rainy day savings** can help you avoid getting into debt from sudden income changes e.g. redundancy or illness.

Top tip:
To avoid dipping into your savings , try getting an account with a different bank that isn't linked to your current account.

Creating your budget

Try thinking about your monthly income and spending habits and put them into the table below.



Income (after tax)				Notes
Your pay		Income from interest		
Your partner's pay		Income from investments		
Benefits		Maintenance		
Tax Credits		Other		
Pension income		Total Income: £0.00		
Spending				
Household		Leisure		
Food/drink		Going out/takeaways		
Electricity		Alcohol/cigarettes		
Gas		Holidays		
Water		Gym/sports		
Rent/Mortgage		Books/newspapers/other		
Council tax		Total		
Phone/internet		Children		
TV License		Childcare/other		
Total:		Total:		
Financial products		Travel		
Loan/card repayments		Public transport		
Savings		Car (MOT/Tax)		
Pension contributions		Total:		
Life insurance		Other spending		
Home insurance		Clothing/shoes/ toiletries		
Total:		Total:		

$$\text{Total income} \quad - \quad \text{Total expenses} \quad = \quad \text{Difference}$$

Additional Resources

Christians Against Poverty (CAP):

A Christian charitable company specialising in debt counselling for people in financial difficulty.

Website: www.capuk.org/i-want-help

The Money Advice Service:

Free, independent, impartial and confidential debt advice and assistance on your money matters.

Website: www.moneyadvice.service.org.uk

Local Support

Citizen's Advice Plymouth:

Financial budgeting support and assistance with debt and Universal Credits.

Website: www.citizensadviceplymouth.org.uk

Plymouth Focus Advice Centre:

Free, independent and confidential debt, housing and benefits advice.

Website: www.plymouthfocus.co.uk