












## EMPLOYEE SERIES

### Tips on how to effectively manage budgeting

Budgeting helps you to feel in control of your money by giving you a real picture of your financial situation. Setting up a budget gives you a clear picture of your income and expenses and helps you meet your financial goals quicker.

-  **Get a budgeting app.** There are various free apps aimed at helping you stay on track such as The Finder app and Pocketbook. All you have to do is key in your expenses. At the end of the month the app will have everything in one place for you to review.
-  **Analyse your past spending for quick wins.** Get a clear picture of your regular expenses and your spending habits. Try to group your spending into categories such as eating out, entertainment, online shopping, grocery stores etc. You should be able to see where you're overspending. Having a budget doesn't mean you need to cut out "bad" spending. Instead, you should simply budget for it. Set yourself a daily, weekly or monthly allowance for certain expenses and then stick to it. You can set a budget to suit your habits, but you can also let your habits shift to suit your budget.
-  **Make sure your money is earning lots of interest.** If you've got a savings account, look up what interest rate it's currently paying. By switching to a high interest savings account you could be earning more interest on every dollar you save. This can really add up over an entire year, and you could be hundreds of dollars better off (depending on your balance).
-  **Consider a digital bank account.** There's a bunch of new digital banks available in Australia which offer modern apps with budgeting and savings features. These bank accounts will analyse your spending and group your expenses into categories so you can see where your money is going. Some of these banking apps also let you enter in your own savings goals, and the app will help you stay on track to meet these by keeping an eye on your balance and alerting you when you're overspending.
-  **Get a budgeting buddy.** Just like going to the gym with someone else keeps you accountable, budgeting is easier with a support system. It could be a partner, friend, family member, financial coach or almost anyone else in the same boat as you. They can help keep you on track if you find yourself backsliding or overspending, so don't underestimate the power of moral support. And don't underestimate how much you can learn from each other either. Share useful tricks that worked for you and they might do the same. Support groups like Debtors Anonymous mean almost anyone can find an understanding crowd to help them change their habits.



-  **Use cash.** If you struggle to stick to your budget because tapping your debit card is just so easy, keep spending simple with cold hard cash. No credit, no fees and no way to spend more than you have. Set aside a certain amount of money each week and withdraw enough cash to see you through - don't buy it until you can pay for it in cash to automatically change your own spending habits.
-  **Pay yourself.** See where you can save and start saving — no amount is too small. Paying yourself might seem like a surprising way to save money, but a good budget should allow for it. Instead of drawing from your living expenses account for luxuries, consider setting up a special account for these. Many banks will let you segment and set up your accounts as desired. Pay 10% (or however much you can) of your typical income into this special fund every time you get paid and use only this account for non-budgeted expenses. Consider keeping up with a separate savings account as well and combining the two to pay for big expenses like holidays.
-  **Set achievable goals.** Set achievable money goals to help you to decide where you want your money to go. Use budgeting as a plan to help you spend less and save more. You need to set realistic goals - don't plan on halving your body weight in a week, and don't plan on cutting your budget by 80% unless you actually think it's possible. And you need to stick with it - a lot of people diet until they lose weight, then quit the diet and immediately bounce right back to their former size. Likewise, a lot of people budget carefully until they're out of debt and then figure they can go right back to their old ways. If circumstances change, adjust your budget rather than throwing it out entirely.
-  **Adjust your goals if you don't meet them.** Your spending needs and financial situation will naturally evolve and your budget needs to keep up. Making amendments is a learning opportunity, and a chance to look at your expenses in a different light.

*Reference:* <https://www.finder.com.au/budgeting-tips> & <https://www.moneysmart.gov.au/managing-your-money/budgeting>