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advice network



# How to Budget

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Better ways to manage your money.



Budgeting is a way of understanding your own money situation, knowing what money you have coming in and what you have going out.

It's also the first step to take if you are struggling with debt as it helps to show exactly how much money you have available to offer your creditors.

A budget is a calculation of the income you receive each month minus the expenses you have during that same period.

We recommend that you base all of the figures in your budget on a calendar month because most of your bills and debts require a payment on a certain day each month.





Making a budget is the first step towards being in control of your finances.

### **How to calculate your budget for a calendar month:**

Multiply weekly totals by 52 and divide by 12.

### **How to re-calculate a four-week budget as a calendar month budget:**

Multiply a 4-week total by 13, then divide by 12.

### **How to re-calculate a quarterly budget to a calendar month budget:**

Multiply a quarterly figure by 4, then divide by 12.

### *How to create a Budget.....*

*First, you need to work out your total income.*

*Next, make a list of everything you spend each month.*

Add together all of the income you receive each month. Make sure you include everything such as your pension, benefits and/or wages. Don't forget that some of your income might be paid weekly, monthly or every four weeks. Therefore, you may need to re-calculate your figures for a budget based on a calendar month.

Make sure you include all spending even if you only pay for something once a year, such as Christmas, car repairs and vet's bills. You need to divide the yearly bill into 12 instalments and include the monthly figure in your budget so that you can set aside the money until your bill is due. If you are not sure what you are spending your money on, try writing down everything you buy over a month. This will give you a clearer idea of your regular spending.

*Finally deduct the total amount you spend each month from your monthly income.*

If you have money left over after you have paid for everything, you have a budget surplus.  
If you spend more money each month than you receive each month, you have a budget deficit.

Log on to [www.debtaction-ni.net](http://www.debtaction-ni.net) and download the Budget Planner.

The information below gives you ideas on ways to reduce your spending....

### Utilities



See if there is a cheaper utility provider in your area. Visit price comparison websites to compare prices of gas and oil suppliers. Also, consider a pre-payment meter to help you manage utility payments.

### Mobiles / Internet



To look for the best deals on your mobile and internet packages, visit one of the impartial price comparison sites available on the internet. Also, remember to cancel any mobile phone insurance once your contract has ended.

### Satellite / Cable TV



Contact your supplier to reduce your subscription to the minimum package you require. Otherwise you could switch to a cheaper or free supplier, such as Freeview.

### Telephone



Decrease your telephone bills by switching to a better deal - for example, one that offers free evening and weekend calls.

### Vehicle Expenditure



Are all the vehicles in your household essential? You could sell a car if it is not needed on a day-to-day basis.

### Food, Toiletries & Cleaning



You could look at switching to own brand products or making use of special offers that are available in the supermarket.

### Meals at work



In general it works out cheaper to take your own lunch.

### Budget for one-off expenses



Some expenses only happen occasionally, like Christmas and holidays. Work out how much you will spend during the year on these, divide that amount by 12, and put the money away each month until the expense or bill is due.

### Check your bank



Make sure you are checking your bank account regularly and that there is enough money to cover any direct debits or bills.

### Use Cash



Using cash will help you control your spending as you can only spend what you have.

### Shop around



Use price comparison websites. If you want to buy something, decide if it is something you just want or something you need. Shop around in-store and online to find the best deals. Always check receipts to ensure you have not been overcharged or charged twice for the same product.

### Cut back on your spending



You don't need to make big changes to your lifestyle to save money. Cutting back on the little things you buy can make a big difference. For example, if you spend £2.00 on a sandwich every day this adds up to £44 every month.

### Deal with your debts



If you have debts and are struggling to pay them you should contact one of our debt advisers immediately.

### Check your direct debits



If you pay things by direct debit make sure you know what you are paying for. Check you aren't still paying for any services you don't use any more.

### Save money



You should consider saving some money every month as this will help you budget for any emergencies, or will help you plan for a secure financial future. Even if you only save a small amount each month you will find that it quickly adds up.



*For further information, visit the Money Matters section of Rights 4 Seniors [www.rights4seniors.net](http://www.rights4seniors.net)*

1 RUSHFIELD AVENUE  
BELFAST  
BT7 3FP

T: 028 9064 5919

F: 028 9049 2313

E: [info@adviceni.net](mailto:info@adviceni.net)

W: [www.rights4seniors.net](http://www.rights4seniors.net)

W: [www.popni.net](http://www.popni.net)



**Freephone 0800 9174607**  
**Text 'Action' to 81025**  
**[www.debtaction-ni.net](http://www.debtaction-ni.net)**

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