

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.

Legal & Tax

YOUR BUDGET

1

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).

2

HOW TO BUILD A BUDGET

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

3

BE PREPARED

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



4

INCOME

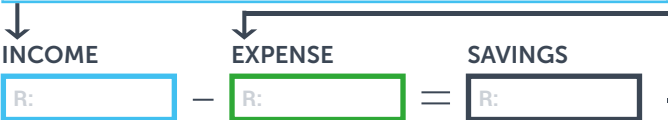
This is your **salary** or **net income**: The total amount you earn after deducting any tax, exemptions or deductions.

INCOME PER MONTH

R:
R:
R:

TOTAL

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:

TOTAL

R:

Take a look at your total expenses compared to your total income - which is more? In order to save money, your expenses have to be less than your income. Can you see anywhere on your budget where you can cut down on your expenses so you can save money?

MARIA'S STORY

Maria Van Wyk, 25 | Student | Western Cape*

I really wanted to buy my boyfriend, Dominique, a new watch for Christmas, but I didn't know how I would be able to afford it. So, I built a budget in order to see where I could **cut down on my expenses and save more money**. I realise that all those lunches with the girls and trips to the hair salon added up. I also cancelled my DSTv subscription - I don't even watch half of those shows anyway. After a few months, I had not only saved enough money to buy him that watch, I also had enough money to start saving for our first home together. Hopefully, in a few years' time, we'll have enough money saved to buy the home we've always dreamed of.



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DAMIEN'S STORY

Damien Reynolds, 38 | Manager | Free State*



"I always seemed to be **spending more money than I earned**. So, I started keeping a trail of my receipts so I could analyse what I was spending my money on. Then, I wrote down how much I was spending compared to how much I was earning. I realised that I was spending more money than I was earning. I also learned that even though my gross income was R10 000, after tax, my net income was only about R8 000. So I adjusted my payments and cut down on some of my bills like my cellphone account and my shopping sprees. That way, I was able to make sure that the amount I spend is always less than the amount I earn."

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**.

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.

<p>Example: Toyota Yaris Tom's goal is a new Toyota Yaris.</p>	<p>R: 175 100 This is the cost of a new Toyota Yaris.</p>	<p>R: 20 000 This is Tom's net income (after tax).</p>
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Goal 1:	R:	R:
Goal 2:	R:	R:
Goal 3:	R:	R:

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.

TOTAL EXPENSES	SAVINGS	TIME
Fill in how much you spend each month.	This is where you write in how much you save each month.	Fill in how long it will take you to achieve your goal by dividing the cost of your goal by the amount you save.

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).
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R:	R:	Months:
R:	R:	Months:
R:	R:	Months:



DID YOU KNOW?

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

Legal&Tax is a subscription-based service that gives our members access to the best advice and assistance from professional lawyers, tax managers, debt counsellors and more.

An 80 000-strong membership means we get to provide the best services to individuals across South Africa. That's how we're building a community that values the rights of the individual (you) and the power of the group.

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