

# DRAWING UP A BUDGET

Drawing up a budget is absolutely vital if you're going to get to grips with your money, as it's the only way that you can work out how much money you can afford to spend & check that you're not overspending. Using the blank budget sheet overleaf, work through the following steps to draw up your budget.

## **Step 1: List all your income sources**

List every source of income that you have in the 1st column of the budget sheet. Remember to include things such as your student income, your wages from part-time work, interest earned on any savings, any money your parents give you & any benefits or tax credits you receive.

## **Step 2: List the total amount you receive for each income source & the period over which it is paid**

In the 2nd column of the budget sheet, list the total amount that you receive from each income source & the period over which it is paid. For example, a maintenance loan is paid over 38 weeks (the academic year) whereas your wages are probably paid weekly or monthly, whilst benefits & tax credits could be paid weekly, fortnightly or every 4 weeks.

## **Step 3: Calculate your weekly income**

Convert each source of income into a weekly amount & list this in the 3rd column of the budget sheet. You may wish to refer to the calculation sheet (available to download from the publications section of our website) when you do this.

Once you have done this, add all the figures up to find out what your total weekly income is & enter this figure at the bottom of the weekly income column.

## **Step 4: List everything that you spend money on**

List everything that you spend money on in the 4th column of the budget sheet. Remember to include things like toiletries, course books/equipment, cleaning products, haircuts, Christmas & birthday presents, newspapers/magazines, cigarettes, holidays, meals out & take-aways as well as your more obvious expenditure such as rent, food, utility bills & travel.

## **Step 5: Work out your weekly expenditure**

Work out what your weekly expenditure is for each item & enter it in the 5th column of the budget sheet. You may wish to refer to the calculation sheet (available to download from the publications section of our website) when you do this. For items that you don't spend money on regularly, such as haircuts & presents, you may need to work out what you normally spend in total on each item in a year & then convert this figure to a weekly amount. For example, if you normally have 2 haircuts in a year at a cost of £30 each, you spend £60 in total per year. Divided over the 52 weeks in a year, this works out to a weekly cost of £1.15 ( $£60 \div 52 = £1.15$ ).

Once you have done this, add all the figures up to find out what your total weekly expenditure is & enter this figure at the bottom of the weekly expenditure column.

Once you have drawn up your budget, compare your total income to your total expenditure. If your expenditure is higher than your income, you will need to take steps to balance your budget. Have a look at our 'Balancing Your Budget' leaflet for tips on ways to do this & on ways to organise your payments so that your budget is easier to stick to.

Remember that you will need to monitor & review your budget regularly to make sure that it is still accurate.

