

Managing your money

What it means to
have a budget



Work and Income
Te Hirainga Tangata

A service of the Ministry of Social Development

This booklet tells you what budgeting is about, and the types of help you may be able to get. We've written this booklet together with the New Zealand Federation of Family Budgeting Services to help you manage your money better.

Why budget?

Budgeting gives you control of your money – and your life. It lets you see how much money you have, what you spend it on and how you can make your money go further.

By budgeting, you can:

- pay off your debts faster
- keep up with your bills
- save for the things you want
- pay for those extra unplanned expenses
- buy little luxuries every now and then.

If you have any questions,
you can call us free on
0800 559 009

Do I need to budget?

To find out if you need to budget, ask yourself:

- Do I worry about money?
- Do I often have no money to pay my bills?
- Does talking about money with my family cause arguments?
- Am I unable to afford the things I want?
- Am I always in debt?
- Have my costs increased for some reason?
- Have I given up hope of having money for holidays or retirement?

If your answer is YES to any of these, read on – it may be a good idea to start budgeting.

Some budgeting ideas

Starting a budget is a big step – it takes good planning and a bit of discipline. Here are some ideas to get you started.

Regularly put money aside whenever you get paid. That way, you know there's money to pay your bills. It's also a great way to save for a goal – like a holiday. You can:

- open a separate bank account and make an automatic payment into it every time you get paid – ask your bank about this, *or*
- take out a set amount of money every time you get paid and leave the rest in your bank account. A good way to save but you need a lot of discipline.

Pay off your debts as soon as you can because the longer you have a debt, the more interest you're charged, and the more money you owe.

An easy way to pay off a debt is to put a bit towards it every time you get paid (but only after you've paid your bills). You can organise to pay it straight from your bank account so you don't have to think about it – and you're not tempted to use the money for other things. Ask your bank about automatic payments.

Only buy the things you need if you really want to pay off your debts and get closer to reaching your goals. The good thing is – when you're closer to where you want to be you'll be able to afford the little luxuries more and more often.



Talking with a budget advisor

A budget advisor is someone who can help you set up a budget for free. They can help you to:

- set up a budget
- draw up a plan for your future
- find ways to make budgeting easier
- work out how to save money and reduce debt
- get ideas on how to make more money
- deal with banks and people you owe money to
- find other people who may be able to help.

They will also offer encouragement and support as well as give you the right advice for managing your money.

You'll find a budget advisor at your local budget service – see the white pages of your phone book under **Budget Advice Services**. These services are members of the New Zealand Federation of Family Budgeting Services and their advisors are fully trained to help you. Anything you discuss with your advisor will be confidential.

You could also ask your local Work and Income service centre for a budget service close to you.

When you meet your advisor, please bring these things with you so they can help you work out a budget immediately:

- details of your household income
- bank account statements
- your regular bills
- details of any money you owe such as mortgages, hire purchases and credit cards
- details of any other expenses.

Remember, a budget advisor's job is to give you advice and support – they're not counsellors, and they won't control your money or give you money to pay off your debts. If you need help with these things, your advisor will be happy to give you details of people who may be able to help.

Extra help with costs

If you're finding it hard to meet your costs there are a lot of ways we may be able to help. Pick up a copy of our *Need extra help with costs?* brochure or talk with your Case Manager.

Budget worksheet to help you get started

Step 1 My Income per week (after tax)	
<i>If your income is once every 2 weeks, divide by 2</i>	
Wages or salary	\$
Work and Income payments (include benefit payments and any extra help such as the Accommodation Supplement, Temporary Additional Support, Disability Allowance, etc) Call us free on 0800 559 009 if you don't know what your payments are	\$
Payments from Inland Revenue (such as Working for Families Tax Credits or Child Support)	\$
Other income (such as interest or dividends, rent or board payments)	\$
Total Income per week <i>(add all amounts)</i>	BOX A \$

Step 2 My Costs per week

If your costs are once every 2 weeks, divide by 2

Groceries (include groceries you buy separately from your weekly shopping such as milk and bread)	\$
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Rent or board	\$
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Transport fares or petrol	\$
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Spending money (such as cigarettes and entertainment)	\$
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Child Support payments	\$
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Weekly debt payments (include benefit debts and hire purchases)	\$
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Other costs (such as donations and children's pocket money)	\$
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Total Costs per week

(add all amounts)

BOX B \$

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Step 3 My Costs per month

Mortgage \$

Power \$

Gas \$

Phone
(include mobile and toll costs) \$Insurances
(include vehicle, house,
contents, life and medical) \$Credit and store
card payments \$Monthly debt payments
(include personal loans
and hire purchases) \$

Bank fees \$

Rental of goods
(such as computer, TV
and washing machine) \$**Total Costs per month***(add all amounts, times by 12 and divide by 52)***BOX C \$**

Step 4 My Costs per year*If your costs are once every 6 months, times by 2*

Rates
(include water rates if any) \$

House maintenance
(such as lawns, repairs
and renovations) \$

Vehicle costs
(include registration, WOF,
maintenance and repairs) \$

Fees and subscriptions
(such as schools, clubs
and magazines) \$

Medical costs (such as
doctors, prescriptions,
dentists, opticians) \$

Pet costs
(such as vet fees, dog
registrations and catteries) \$

Clothes and shoes \$

Household goods (such as
kitchen items and bedding) \$

Other costs
(such as holidays and gifts) \$

Total Costs per year*(add all amounts and divide by 52)***BOX D \$**

Step 5 My Results	
Your total income per week – insert the amount in Box A	\$
<i>Minus</i> your total costs per week – insert the amount in Box B	– \$
<i>Minus</i> your total costs per month – insert the amount in Box C	– \$
<i>Minus</i> your total costs per year – insert the amount in Box D	– \$
Your Total Income/Costs	=

If your **Total Income/Costs** is:

- positive – great! You are meeting your expenses and can start saving. Some budgeting advice could help you move faster towards your goal.
- negative – your expenses are more than you can afford. But it's not all bad news – your budget advisor will show you ways to reduce your expenses or even increase your income to meet your costs.

You may also qualify for extra help from us. See *How can we help you?* brochure for a list of the kind of things we can help with.

If you have any questions call us on **0800 559 009** from 7am to 6pm Monday to Friday, 8am to 1pm on Saturday or contact your nearest Work and Income Service centre.

If you are deaf or find it hard to communicate by phone, you can send a message to our Deaf Link free-fax on **0800 621 621** or email MSD_Deaf_Services@msd.govt.nz