

Audit your spending

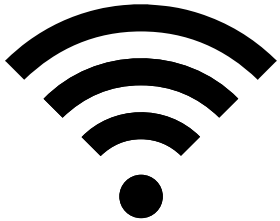


Expense

What to do



Groceries - while an essential expense, this area has huge potential for savings. Meal Plan for an entire week and shop for only those ingredients (perhaps online shopping) or sign up to a food box, so you are not going into the store every day making you susceptible to impulse buying and wasting food that goes off.



Fixed expenses - review these expenses. Try a handy website like www.glimp.co.nz to compare, switch and save. on the following;

- Broadband
- Power
- Mobile Plans
- Car Insurance



Discretionary expenses - identify one discretionary expense you want to focus on (the spending that bothers you the most), for example, entertainment. Agree where you can and should cut back and the amount you will cut back to. Once you have that under control, focus on a second discretionary expense, for example, eating out.



Non-regular expenses - make a calculated guess on the annual cost and divide that by your pay frequency to work out how much you should set aside each pay (by AP) to cover those costs over a year. This is things like house maintenance, school costs, car WOF/rego/tyres/servicing, clothing, haircuts, entertainment, takeaways, gifts etc. Then create separate accounts for each and label them in your internet banking.



Main account - ensure your household income goes in to one main/working account and pay all your regular expenses out of that account, preferably by direct debit or automatic payment the day after you get paid. This should leave only enough in the main account to pay for groceries and fuel that you have allowed for, as all other expenses will have been paid or filtered out to the separate accounts.



Final step - your budget must show a surplus or you will need to decrease your discretionary spending further. Use the surplus to pay down your debts first. Once those debts are gone, create a rainy day fund and put the debt repayments you had been making in to that account, until you reach a value which covers 3 months of your household expenses (to cover loss of income due to illness or redundancy or unexpected costs).