



Savvy Savers Budget Booklet



Savvy savers budget, do you?

Budgeting is a lifelong skill that takes practise. In this booklet you will learn about the importance of having a budget, how to create a budget, what to do if you spend more than you earn as well as learn a few tips on how to stick to your budget.

Budgeting can help you live within your means and help you make the most of your money.



Definitions

Before you start, it is important that you know what the following terms mean:

Budget

A budget is a list of your income (how much you earn/money entering your bank account) and your expenses (how much you spend/money leaving your bank account). It helps with managing your money by, for instance, showing where you can save more or spend less.

Changing costs

Costs that change from month to month, also known as variable costs. For example, electricity, airtime, transport, etc.

Fixed costs

Costs that are the same every month and do not change. For example, your monthly rent or bond payment. It is fixed for a certain amount of time.

Income

Your earnings. For example, your salary, grant, maintenance, allowance, overtime pay, etc.

Expenses

The money that you spend on everything you have to pay, like bills. This also includes money that you spend on things like birthday presents.



Deficit

When you spend more than you earn you will have a deficit (negative balance).

Surplus

Money you have left over after you have paid all your accounts and bills (positive balance).

Needs

Things you cannot live without. For example, food, water, shelter, clothes, etc.

Wants

Things you can live without. For example, branded clothing, smartphones, DSTV, take-aways, etc.



Contents page

1. What is a budget?	6
2. Why is budgeting so important?	7
3. How do I start?	8
4. How do I stick to my budget?	9
5. How do I track my expenses?	10
6. Drawing up a budget	11
7. Start by using budgeting templates	12
8. Budgeting guidelines to make budgeting easier	21
9. Smart money tips	23
Useful contacts	



1. What is a budget?

A budget is simply a list of your income and your expenses that acts as a roadmap for where your hard-earned money will go every month. It will show you exactly how much your real earnings and expenses are and will help you understand how you spend your money.

Budgeting is for everyone who earns an income. You do not have to earn a lot of money to start budgeting. Just start with the income that you earn, even if it is not a regular income. Budgeting empowers you to make better financial decisions and by making better financial choices you can live a better life. Budgeting will show you better ways of managing your money.



2. Why is budgeting so important?

A budget teaches you financial discipline which is the first step to creating wealth.

South Africans are among the hardest workers, spending on average almost 43 hours at work per week. If you are going to spend so much time earning an income, you need to make sure that your money is going towards the things that are important to you.

Make budgeting a priority as soon as you begin earning an income. Start with tracking your spending.

Think of a budget this way:

- It is a plan that gives each Rand you earn a purpose.
- You know before the month begins where your money is going, allowing you to save better and spend only on what you need.
- It will help you stay focussed and work towards your short-term, medium and long-term saving goals.

Other reasons to create a budget:

- Obtain clarity on how you spend your money.
- Stop fighting about money with your partner/family.
- Break the paycheck-to-paycheck cycle.
- Separate the needs from the wants.
- Only spend money you have.
- Get out of debt.
- Save/prepare for emergencies/unplanned expenses.



Needs

Things you cannot live without.
For example, food, water,
shelter, clothes, etc.

Wants

Things you can live without.
For example, branded clothing,
smart phones, DSTV,
take-aways, etc.



3. How do I start?

- Step 1** Make a list of all your income.
- Step 2** Make a list of all your expenses (keep all your receipts in a box and identify which of your expenses are wants and which are needs).
- Step 3** Add up all your income.
- Step 4** Add up all your expenses.
- Step 5** Subtract your expenses from your income.



Note:

- If your total expenses are more than your income you need to make some changes. This means that you spend more than you earn. See where you can cut your costs (start with the “wants”) so that your income is more than your expenses.
- If your total expenses are less than your income, you also have decisions to make. How are you going to save or invest that extra money?



4. How do I stick to my budget?

- Step 1 Do not spend more than you have planned to spend.
- Step 2 Keep track of your expenses.
- Step 3 Update your budget monthly (actual vs planned spending).
- Step 4 List expenses by category and not by the place you made your purchase (for example, list “Groceries”, not just “ABC Supermarket”).
- Step 5 Pay bills on time.
- Step 6 Compare your budget with your actual expenses each week.
- Step 7 Adjust your budget where necessary.





5. How do I track my expenses?

A tracking spreadsheet will give you a snapshot of your overall spending but will also help you to identify areas where you are spending too much.

Take your receipts out of the box at the end of every week to sort them into categories such as groceries, vehicle expenses, entertainment, etc.

Write down the categories on a spreadsheet like this:

MONTHLY TRACKING SPREADSHEET						
Category	Week 1	Week 2	Week 3	Week 4	Week 5	Category total
Groceries						R
Household						R
Transport						R
Personal care						R
Entertainment						R
Banking fees						R
Other						R
Monthly total	R	R	R	R	R	R

By tracking your income and expenses you gain insight into your financial situation. You can now make informed decisions on where to make changes that pave the way to financial security.



6. Drawing up a budget



Vicki works as a cashier and earns R3 360 a month. She is a single parent and shares a room with her 3-year-old daughter Lebo. She shares the cost of electricity with her housemate and is responsible for her own meals.

This is Vicki's budget:

INCOME	
Income	R3 360
EXPENSES: Fixed costs	
Rent	R 650
Money for mother	R 200
Crèche fees	R 400
Total fixed costs	<u>R1 250</u>
EXPENSES: Changing costs	
Clothing	R 140
Transport (to and from work)	R 900
Furniture	R 110
Debt	R 80
Groceries	R 500
Electricity	R 120
Telephone	R 100
Toiletries/cosmetics	R 70
Take-aways, etc.	R 110
Total changing costs	<u>R2 130</u>
Total income	R3 360
Less total costs (R1 250+R2 130)	<u>(R3 380)</u>
Shortfall/Deficit	- R 20

As you can see, Vicky has a shortfall/deficit of R20. What can she do to spend less? She could spend less on her “wants”, such as the take-aways, to balance her budget or to get to a surplus. Any surplus amount she has, she can use to save or to pay off her debts sooner.



7. Start by using budget templates

Start by filling in your own income and expenses every month in the following budget templates, just like Vicky's above. Write the month and the year (i.e. September 2021) at the top so you can see for which month the template is. You can, of course, use a notebook or exercise book to write down your budget, but since this booklet is yours to use, we have included these handy templates.



Remember: The budget amount is what you plan to spend, the actual amount is what you really spent. Aim to have a surplus each month which you can use towards saving.

My monthly budget: Month _____

Description	Budget amount	Actual amount
INCOME		
Sub-total		
EXPENSES: Fixed costs		
Sub-total		
EXPENSES: Changing costs		
Sub-total		
Total income		
Less total expenses		
Surplus/deficit		

My monthly budget: Month _____

Description	Budget amount	Actual amount
INCOME		
Sub-total		
EXPENSES: Fixed costs		
Sub-total		
EXPENSES: Changing costs		
Sub-total		
Total income		
Less total expenses		
Surplus/deficit		

My monthly budget: Month _____

Description	Budget amount	Actual amount
INCOME		
Sub-total		
EXPENSES: Fixed costs		
Sub-total		
EXPENSES: Changing costs		
Sub-total		
Total income		
Less total expenses		
Surplus/deficit		

My monthly budget: Month _____

Description	Budget amount	Actual amount
INCOME		
Sub-total		
EXPENSES: Fixed costs		
Sub-total		
EXPENSES: Changing costs		
Sub-total		
Total income		
Less total expenses		
Surplus/deficit		

My monthly budget: Month _____

Description	Budget amount	Actual amount
INCOME		
Sub-total		
EXPENSES: Fixed costs		
Sub-total		
EXPENSES: Changing costs		
Sub-total		
Total income		
Less total expenses		
Surplus/deficit		

My monthly budget: Month _____

Description	Budget amount	Actual amount
INCOME		
Sub-total		
EXPENSES: Fixed costs		
Sub-total		
EXPENSES: Changing costs		
Sub-total		
Total income		
Less total expenses		
Surplus/deficit		

My monthly budget: Month _____

Description	Budget amount	Actual amount
INCOME		
Sub-total		
EXPENSES: Fixed costs		
Sub-total		
EXPENSES: Changing costs		
Sub-total		
Total income		
Less total expenses		
Surplus/deficit		

My monthly budget: Month _____

Description	Budget amount	Actual amount
INCOME		
Sub-total		
EXPENSES: Fixed costs		
Sub-total		
EXPENSES: Changing costs		
Sub-total		
Total income		
Less total expenses		
Surplus/deficit		



8. Budgeting guidelines to make budgeting easier

Set financial goals	Understanding why you want to be in control of your finances makes it easier to save, live within your means and work towards those goals. Setting targets makes it easier to make smart financial choices later.
First pay for what you need	Good money management depends on separating what you need from the things you want. Being clear about the difference will determine whether you reach your goals or not.
Be honest with yourself	To create a realistic picture of your financial situation, be clear and honest about your expenses and debts.
Beware of unnecessary debt	Debt makes it easy to spend money you do not have. If you are serious about creating wealth and financial security, pay off your current debt and avoid taking on more debt.
Keep track of your spending	Tracking where you spend money will help you identify where you can cut your expenses and save more. It is important to track and record your spending daily, weekly and monthly. It is easy to remember or see how much you spent on rent or your bond payment, but for other expenses, keep your receipts. Do this together with your debit or credit card bank statement. Remember to include debit card transaction fees, banking fees and interest charged on credit card purchases as part of your expenses.

Budget for savings	A budget will help you plan how to better spend your money. However, you also need to plan ways to save so that you can avoid the stress of having to take on new debt if you are faced with an emergency expense. List the amount you want to save under your fixed costs.
Watch out for cash leakage	Impulse buys, fees for a gym membership you do not use and unnecessary purchases are all examples of cash leakage.
Get your family involved	Creating a budget as a family makes it easier for everyone to understand why the family needs to make small sacrifices to achieve important goals.
Update your budget	Highlight the payments that you make in your budget so that you can keep track of your paid bills. Make sure you pay your bills before or on time in order to avoid unnecessary late payment penalties and/or additional interest charges. Late payments also negatively affect your credit score.
Use accurate descriptions	List your expenses by what they are rather than by category. This allows you to see how much you spend in particular categories. For example, instead of listing “ABC Supermarket R1 000”, rather say “Groceries R1 000”.
Budget monthly	Complete your budgeted amount column at the start of every month to get an effective record of your income and expenses. This helps you to start thinking long term. If you have had high expenses in the past month, you can see how to make up for it in the new month.
Plan for other expenses	Set aside additional savings ahead of time for expenses that do not occur every month, for instance, school excursions for your children, a present for your dad’s birthday or an outfit for your friend’s wedding.



9. Smart money tips

- Watch out for get rich quick schemes and scams.
- Beware of the dangers of credit.
- Save for the things you want and use cash when you can.
- Plan for your retirement from the day you start working.
- Stay up to date with your changing financial needs.
- Only deal with authorised financial service providers.
- Shop around for financial products to suit your needs and your budget.
- Insure your assets.

Start budgeting today!

Keep track of what you spend by keeping your receipts and slips here.

Useful contacts

Financial Sector Conduct Authority (FSCA)

To check if a financial services provider or financial advisor is authorised to sell you financial products and services, as well as which products they can sell you, contact the FSCA.

Call Centre: 0800 20 3722 (FSCA)

Switchboard: 012 428 8000

Fax number: 012 346 6941

E-mail: Info@fsca.co.za /
enquiries@fsca.co.za

Physical address:

4th Floor, Riverwalk Office Park,
Block B, 41 Matroosberg Road, Ashlea
Gardens, Pretoria 0181

Postal address:

PO Box 35655, Menlyn, 0063

Website: www.fsca.co.za

FSCA's Consumer Education Department (CED)

For a free budget template or for more tips on how to make the most of your money, contact the FSCA's CED.

E-mail: CED.Consumer@fsca.co.za

Website: www.fscamymoney.co.za

South African Savings Institute (SASI)

To learn more about how to save, contact SASI.

Telephone: 011 269 3789

Fax: 086 552 7561

E-mail: info@savingsinstitute.co.za

Physical address:

19 Fredman Dr, Sandown,
Sandton 2196

Postal address:

PO Box 252, Bramley 2018

Website: www.savingsinstitute.co.za

© 2020 FSCA

DISCLAIMER

The information contained in this information booklet has been provided by the Financial Sector Conduct Authority (FSCA) for information purposes only. This information does not constitute legal, professional, or financial advice. While every care has been taken to ensure that the content is useful and accurate, the FSCA give no guarantees, undertakings or warranties in this regard and does not accept any legal liability or responsibility for the content or the accuracy of the information so provided, or, for any loss or damage caused arising directly or indirectly in connection with reliance on the use of such information. Except where otherwise stated, the copyright of all the information is owned by the FSCA. No part of this information booklet may be reproduced or transmitted or reused or made available in any manner or any media unless the prior written consent has been obtained from the Financial Sector Conduct Authority's Office of General Counsel.

