

Dealing with Money

Needs and Wants





Activity



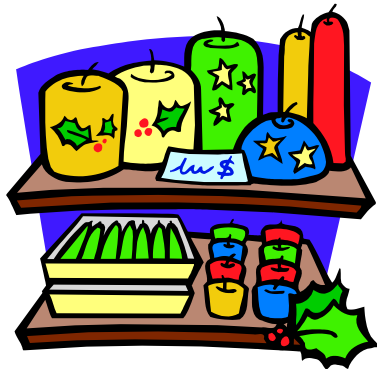
Think about the items you bought today or yesterday



Did you plan to buy that?



What caused you to buy it?



Spending diaries

Day _____

Date _____

item bought	Cost	need	want
Baked beans	.99	y	
Can of Coke	2.00		y
petrol	20.00	y	
vegetables	12.70	y	
Take away coffee	6.00		y

Total

41.69

Mary budgeted \$150 per fortnight for food. Look at her spending diary entries as follows . Is \$150 correct?

date	Item	cost	category
22.1.12	supermarket food	\$125	food
22.1.12	Power bill	\$50	power
22.1.12	Telstra pre paid	\$30	phone
22.1.12	Rent	\$270	rent
22.1.12	Butcher	\$25	food
22.1.12	Coffee and cake	\$10	food
24.1.12	Milk and bread	\$10	food
26.1.12	Pizza and coke	\$20	food
29.1.12	Lunch with friends	\$30	food
31.1.12	Milk and bread +chocolate	\$13.50	food
2.2.12	McDonalds	\$10.20	food

Jill says she can only afford to spend \$30 per child on birthdays. Here is the spending diary the week before one child's birthday. Is she spending only \$30

Date	Item	Cost	category
12.3.12	Barbie doll kit	\$20	birthday
12.3.12	book	\$10	birthday
12.3.12	Supermarket	\$25	food
13.3.12	McDonalds	\$45	Birthday party
14.3.12	Lego	\$20	Children's expenses

Jill said she made a cake (supermarket expenses) for the child to take to school as not all her friends could go to McDonalds

Jill said her other two children got upset when one got presents so she got them Lego

EXPENSES

Work out what you spend each week, fortnight or month

- a. Use a spending diary,
- b. Keep all receipts
- c. Look at bank statements, centrelink income statements and /or wages slips for all deductions, direct debits and BPay.



INCOME

Know your income

- a. Pay slips, centrelink income statements, interest from investment, superannuation pension, other



Dealing with bills that do not come every fortnight.

Not every bill we have comes in every week, fortnight or month. For example power car registration, rates, water bills, insurance.



Fred has done a list of all the bills he has coming up that are not every fortnight

Bill	Date due	Possible amount	frequency
Power	1 May	\$600	3 months
Registration	6 June	\$300	6 months
Phone	1 may	\$150	Every month
Insurance	2 July	\$250	Yearly

Fred has worked out what he needs to put aside each fortnight to cover these bills

Fred has rung his power company and found out he uses \$70 per fortnight in power. He has set up a Centrepay deduction from his pension for this amount each fortnight

Fred has worked out his registration \$300 every six months $300 \div 12$ fortnights = \$25 per fortnight. Fred has opened a bill paying account and puts \$25 in each fortnight for this.

Fred has worked out that he needs to pay \$75 each fortnight for phone so has arranged with the phone company to pay them every fortnight via Centrepay. Fred is aware that sometimes he may use more so he puts aside \$20 each fortnight in his bill paying account

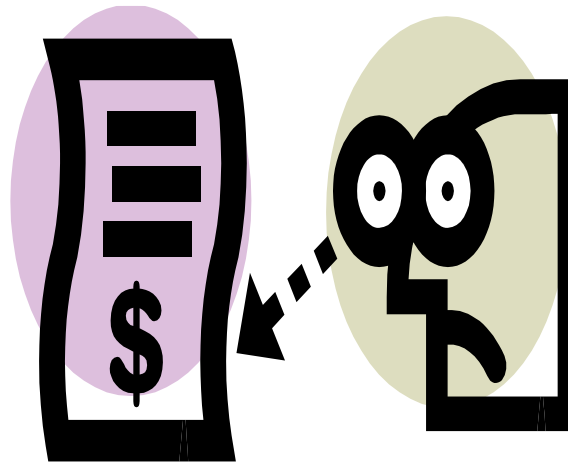
Fred is putting \$10 a fortnight into his bill paying account to cover insurance. He is also looking into pay by the month insurance.

Fred's budget

Income	\$800
Food	\$200
rent	\$250
power	70
Phone	\$75
Phone extra	\$20
Insurance	10
Registration	25
Petrol	40
Entertainment	60
Savings for emergencies	50
Total	\$800

CASE STUDY

Joe has prepared a budget for himself that is in surplus. He finds he has no money to pay the power bill when it comes in . What can he do to fix this. Joe has done a spending diary as well. look at the spending diary and the budget and find some solutions



Joe's budget

Income pension	\$ 800
expenses	
food	100
Petrol	40
Cigarettes	40
rent	400
entertainment	20
TOTAL	600

Spending diary

date	Item	Cost	category
1/2/14	Supermarket	\$120	food
1/2/14	Cigarettes	\$25	entertainment
1/2/14	Magazine	\$10	entertainment
1/2/14	Rent	\$400	Household
3/2/14	McDonalds	\$12	food
4/2/14	Petrol	\$40	car
10/2/14	Cigarettes	\$25	entertainment
14/2/14	Supermarket	\$120	Food
14/2/14	Cigarettes	\$25	entertainment
14/2/14	Rent	\$400	household
14/2/14	Drinks with mates	\$100	entertainment
17/2/14	Cigarettes	\$25	entertainment
20/2/14	Petrol	\$20	car

Joes actual spending from spending diary

Income	\$800
expenses	
Food	132
Cigarettes	50
Rent	400
Petrol	40
entertainment	100
TOTAL	722

Direct debits

John said his bank account is always being overdrawn and he does not know why. here is a copy of his bank account

Date	Transaction	Credit	Debit	balance
1/2/12	Pay	1000		1000
2/2/12	Direct debit power		100	900
2/2/12	Rent		500	400
2/2/12	Direct debit loan		80	320
3/2/12	Cash withdrawal		250	70
3/2/12	Direct debit loan		80	-10
3/2/12	Overdrawn fee		30	-40

Choose a budget sheet that suits you and put all the figures in

There are many different types of budget sheets and it is important to choose one that suits you. some are online and add up for you as you go.

If expenses are higher than income. look at spending to see where you can change things.

Revisit spending diary

Work out where you can cut expenses. Eg energy saving strategies for power bills, cut back on take away, can I get a cheaper phone plan.

Work with budget and change as need arises.

Budgets need to change as circumstances change

SAVINGS



It is good to have some money put aside for unexpected expenses.

- Visitors put power bill up
- Car needs repairs urgently
- Stove blows up
- Unexpected illness

Put it somewhere that is harder to access so you are not tempted to use it on impulse.

- Bank account that you cannot access via internet or ATM.
- Account that needs two signatures to withdraw.
- A trusted relative or friend's account who will not let you access without good reason.
- Pay extra tax.
- Pay extra on power bill so credit mounts up then claim refund

PREPARE A BUDGET FOR ANN

Ann is working. \$1400 is put into her bank account every fortnight.

She has \$80 direct debited to the power company. Her rent of \$500 per fortnight is direct debited. She has a pre paid mobile which she puts money on when she can. she has a land line and internet which costs \$70 per month.

She has a car and registration is \$650 per year. She uses \$40 per month in petrol as she catches a bus to work. She pays \$40 per fortnight on her green card. She has a pay by the month car insurance that is direct debited \$45 per month. Ann said it costs her \$250 for car servicing per year. She has private health insurance direct debited every month at \$140 per month. She spends \$120 to \$180 at the supermarket each fortnight. Ann likes to go out with her friends sometimes and estimates she would spend around \$100 per fortnight on the food and alcohol. She has a hair cut every 6 weeks at \$35 each time. She estimated she would spend around \$200 per year on clothes. Ann also likes to buy birthday and Christmas presents for family and friends and allows \$30 per person. She buys for four birthdays and four Christmas presents. Ann is trying to save to have a holiday and when she can she puts \$100 away.

PREPARE A BUDGET FOR PETER

Peter is on a disability pension. He is struggling to pay all his expenses

Peter's income is \$827 per fortnight

Peter's rent is \$215 per fortnight. he tries to puts aside \$50 per fortnight for power but finds he cannot always do this. He has just received a power bill for \$270. He is on medication and often has to put it on account. He finds he usually has to pay the chemist between \$30 and \$50 per month. Peter does have a car and he estimates the petrol cost to be \$30 to \$50 per fortnight. he has not put aside money for his registration nor does he know what it costs. Peter likes to go out with his mates and he says he will spend \$20 every time he does it. he says he does this two to three times a week. He has a pre paid mobile which he puts \$30 per month on. He does admit sometimes he has to put extra on the phone. Peter goes on outings with the local community group these cost between \$10 to \$20 a fortnight. Peter is a smoker. He said he spends \$25 per packet and will use a packet every two to three days. He said he smokes more when he is with his mates. Peter said his supermarket bill is between \$100 and \$150 per fortnight



DO YOUR OWN BUDGET

