


DRAWING UP A BUDGET

TO REACH YOUR SAVINGS GOALS



Budgeting is one of the most effective ways of managing your money. If you're new to spending your money according to a budget, it might seem like too much effort at first, or it could feel too restrictive. The reality is that you have far more to gain from working with a budget than without one. Being in control of your monthly finances is an incredibly rewarding feeling.

FIVE BENEFITS OF BUDGETING

- 01** Budgeting prevents you from overspending on things you often have nothing to show for. It puts you in control of your money.
- 02** It helps you see how you can realistically reach the financial goals you have set.
- 03** Not knowing if your money will take you to the end of each month is stressful. Working out a budget means you know exactly how much you allocate to all your different needs without having to worry about getting through the month.
- 04** It can be flexible. If you decide to spend more on one need and less on another as the month goes by, that's fine, as long as you don't cut down on saving.
- 05** It helps you save.

HOW BUDGETING CAN HELP YOU SAVE

Drawing up a budget and sticking to it means you decide beforehand what you'll be spending your available money on. Changing to a savings mindset means that saving money should be the number 1 priority in your budget.

When drawing up a budget and comparing it to previous months' spend, you will also see where you're actually wasting money or even just using it incorrectly. This 'wasted' monthly spend is money that can go towards paying off debt and to savings. Seeing that you actually have more money than you thought, will help you reach savings goals you previously thought were unattainable.

TIPS TO MAKE MONTHLY BUDGETING SIMPLE

Budgeting doesn't have to be complicated and time-consuming. Use these simple tips to help make it a hassle-free, rewarding exercise:

Track your spending for a month

This will show you exactly where your money is going and how even small amounts add up.

Look at three areas of your monthly spending you can improve on

Most of us don't overspend in all categories, but only a few. This could be cellphone usage, buying clothes we don't need or going out too often. Having tracked your spend for a month, these areas will show up. Choose three of these and start controlling your spend there.

Make saving your top priority

Remember your goals and that the reason for your budget is to save.

Allocate percentages of your income

As a starting point if you're struggling to decide how much to allow for too many different budget categories, simplify your budget using the 50/20/30 Plan. 50% of your income is set aside for necessities, 20% for long-term savings, and 30% for lifestyle choices.

Use an online budgeting calculator to help you get started.

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