



Welcome again to the Public Awareness column provided by the Reserve Bank of Fiji (RBF). This month's article provides you some personal budgeting guidelines and tips on how you can save money to achieve your financial goals.

Personal Budgeting

Are you working from paycheck to paycheck and scrapping through your wallet, trying to pay your bills? Do you wish for a needed vacation but do not have the money for it? Are you spending more than you are earning? If you have answered yes to any of the questions above, you may need to start planning your finances. A personal budget will help you make those ends meet.

A personal budget is a money management tool that shows you how much money you make, how much you spend, and allows you to save for the things that are important to you such as a new car, education, a comfortable retirement, travel, or what ever your future dreams may be.

Why have a budget?

- Proper money management will help you avoid financial problems. Financial problems occur because people do not plan the use of their money wisely;
- A budget can make your goals a reality by helping you keep track of where your money is going so you can save;
- Listing down all your planned expenditures before you start spending will help you keep track of your spending and where your money is going. This way you can assess where to reduce unnecessary spending;
- Prioritising all your expenses helps you pay all your bills on time, so that you avoid putting it off and then paying in one lump payment;
- Your planned savings every month will not only help you achieve your financial goals but also provide a financial cushion for emergencies when they happen.

If you do not know how to start your budget planning, here is a template and some simple guidelines to plan out your weekly/ fortnightly/ monthly budget. Be realistic with your figures, it will be more effective and the rewards will keep you motivated.

| Budget (you need to decide whether you will budget weekly, fortnightly or monthly. You must use the same period for income and expenses. | | | |
|---|----------------------|----------------------|-------------------|
| Category | Budget Amount | Actual Amount | Difference |
| Income | | | |
| Wages | | | |
| Rental Income | | | |
| Interest | | | |
| Child Support | | | |
| Fundraising Income | | | |
| Total Income | | | |
| Expenses | | | |
| Vehicle Registration Renewal | | | |
| City/Town Rates | | | |
| Insurance | | | |
| Electricity bill | | | |
| Telephone bill | | | |
| Water bill | | | |
| Internet bill | | | |
| Mortgage payments | | | |
| Medical bills | | | |
| Sky Pacific bill | | | |
| Groceries | | | |
| Transportation/Fuel | | | |
| Entertainment | | | |
| Dining | | | |
| Total Expenses | | | |
| Surplus/Deficit (Revenue - Expenses) | | | |

1. List Income

List all your income sources- wages, salary, rental income, child support, interest earnings, personal fundraising income and other income that you earn on a regular basis only.

2. List Expenses

List all the expenses you pay regularly. Remember to account for discretionary expenses. These are those spontaneous expenses such as dining, DVD, entertainment, village/family soli etc. if you end up not using this, you have more to put towards your savings. It is better to budget for it and then not use it then to spend on it and then use the money you've budgeted for priority expenses or your savings.

3. Prioritise Expenses

Top priorities on your expense list should be food, housing rent or mortgage, education needs of your children, utilities and any expense related to securing your home, such as property taxes and city/town rates. Then list, essential needs such as electricity, water and medical bills. List all other expenses in relation to your need for it. If you can live without it, go without it.

4. Discipline

A budget will do you no good if you don't discipline yourself to stick to it. Note all the payments that you make on your budget so you can keep track of what is paid and what is left for the month. Put dates next to each expense so that you are aware of when it is due and think twice about your discretionary expenses. Note the actual amount you earned and spent in the month and compare it to your budget figures. Write down extra income and expense items that you did not budget for and calculate the difference. This will give you an idea of where you need to control you expenses and enable you to plan better for the next months budget.

Money Saving Ideas

Shop wisely- a lot of money can be saves by shopping wisely.

- ✓ Check out bargains and sales before shopping.
- ✓ Make a shopping list before going to the supermarket or market and try to stick to what you have on the list.
- ✓ Do not get carried away with items that are displayed at eye-level on the shopping aisles. They are displayed at those strategic spots to grab your attention and this is where you end up buying things that are not on you shopping list.
- ✓ Only take the amount of money you intend to spend at the grocery store so you don't end up purchasing un-necessary items.
- ✓ Do all your shopping once a week and avoid daily shopping at convenient stores. Although buying items daily at a convenient store may seem like you are not spending much money

compared to a large volume of shopping at the grocery store, at the end of the week you spend more money at the convenient store due to their higher mark up prices.

- ✓ Never go shopping on a hungry stomach because you end up buying food items that you would like to eat rather than what you have on your list.

Shrink you electricity bill

- ✓ Use cold water in the washing machine instead of hot water.
- ✓ Switch you household lighting bulbs to energy saver light bulbs.
- ✓ Use the clothes line instead of the clothes dryer.
- ✓ If you have an electric hot water system, only turn on the hot water during cold weather and only at certain times.

Save on fuel. Due to the increases in worldwide prices of oil, local fuel prices are increasing as well.

- ✓ Plan where you are going before you leave home.
- ✓ Kill two birds with one stone by running your errands all at once. It will save you time and money.
- ✓ Car pool with a few friends if you can;
- ✓ Teach your older primary school children to catch the school bus rather than picking them and dropping them by car every day.
- ✓ Clean your engine and service your vehicle regularly.
- ✓ Try walking to the shop or around town instead of driving.

Make meals at home

- ✓ You will be surprised on the amount of money you can save by cutting down on eating out habits and saving for those special occasions like birthdays, promotions, kids passing exams etc.
- ✓ Make lunch for your kids to take to school and for you to take to work.

Avoid using Credit for consumer items

- ✓ No cash? Don't buy. Avoid the use of credit cards. You will only end up purchasing something for which you do not have money for. It will put a strain on future monthly budgets since you will have an extra expense with added interest to pay off.

Involve the Whole Family

- ✓ Plan your household/family budget with your spouse.
- ✓ Involve your children, if they are old enough to understand. This way you are all aware of your budget plans and savings goal and do not lose track of your spending. Explaining to your kids and showing them how much fish and chips, burgers and pizza at every outing takes out of the monthly budget, may make them think twice before nagging for it on their next outing.
- ✓ Teaching our children the basics of budgeting at a young age will help them be wiser with their finances in the future.

The cost of living is getting higher and higher, year by year. We are paying for goods at a greater cost and lose track of where all our money is going. So make your personal budget today and get one step closer to securing your financial well-being. Don't put it off till later, you will only lose track of your expenses. Remember to stick to it and you will be surprised with your saving potential. All your monthly savings will accumulate at the end of the year. You can then take that long awaited vacation, buy that dream car, treat your family for the holiday season or even a smarter way to make your money work for you is to invest and earn a return on your investment which will accumulate into bigger savings for you to use for future plans.

To make life easier for you, you can automate your budget planning by using the personal wealth calculators available on the internet at www.cmda.com.fj. You can also access various other calculators that will give you an idea of estimated returns on different investment options that are available to you.

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