

Creating a family Budget

For many of us, the thought of doing a family budget is off-putting to say the least – especially if we weren't inspired by maths at school. But keeping track of our finances and being in control of them is an important part of family life.

Why bother?

When we create a budget we will know how much money we have coming in and what regular expenses we have to pay out. We can plan our non-regular spending (such as holidays, birthdays, Christmas presents) and even put money aside into savings. It also helps us identify areas where we might be spending unnecessarily, and show us ways we can save money. It's only when we have a budget that we can be in complete control of our finances – and that's much better than our finances being in control of us!

You don't have to be brilliant at maths to do a budget. The important thing is to be completely honest about what you're spending and earning and not to leave anything out.

Here's a step-by-step guide:

- 1. Face the Facts :** Get together your recent bank statements, credit card statements and bills. (Some of us will be able to do this in 30 seconds flat because we have carefully filed them, while others of us will take a couple of hours searching down the sides of sofas and at the back of the cutlery drawer!)
- Now download a family budget sheet and print out the tables: 'Income', 'Expenditure' and 'Debt'.
www.careforthefamily.org.uk/debtbuster/budgetsheet.asp
- 2. Income:** Start by writing down every bit of money you get each month. It might be wages, pensions, tax credits, child support, government benefits, work bonuses or overtime payments.
- 3. Expenditure:** Now make a list of everything you spend that money

on. Use your bank or credit card statements to help you. Choose to use either monthly or weekly figures – be consistent throughout. Things like the mortgage or rent are easier to work out than things like food, clothing, coffees, entertainment and snacks.

- 4. Debt:** Now list any money you owe, whether it's the gas bill, credit card or car hire-purchase. (By including how much interest is being charged you'll see which debts are costing you the most.)

- 5. Now for the moment of truth:** add up the columns in each table.

Is your 'Income' greater than your 'Expenditure'? Great! You may not need to adjust any spending you are doing. However perhaps in doing your budget you've realised that you are overspending in some areas and that a little tweaking of the figures could allow you to save money. You may want to put in a line that allows you to set aside some money for a goal you have as a family – perhaps a new car, or a holiday. Plan to review the budget regularly, taking into account changes in the family's income or spending, to help you keep on track.

Is your 'Expenditure' greater than your 'Income'? If it is, don't panic, you're not alone! That's why you're doing this budget. Go through your expenditure list line by line and think carefully about where you could reduce your spending. Be ruthless where you can, shop around for better deals on insurances and utilities, and don't ignore the little things either – that £1.50 coffee every morning on the way to work adds up to nearly £400 over the year! Make as many adjustments to your expenditure as you can, so that it matches your income. And remember that the goal is to create a budget where you can actually put some money into savings.

Many of us have been spending more than we have coming in for a while, and the result is that we have debts – maybe some large ones. These will need to be included in your budget until they are cleared.

It is important to deal with unmanageable debt immediately and if you would like some help please contact the following organisations for free advice.

Credit Action

www.creditaction.org.uk
Telephone: 0207 380 3390

Consumer Credit Counselling Service

www.cccs.co.uk
Telephone: 0800 138 1111



This information is supplied in good faith but Care for the Family cannot accept responsibility for any advice or recommendations made by other organisations.

Your Family Charity

Care for the Family has been supporting and encouraging families in the UK since 1988. Its family-building events have been attended by over 320,000 people and many more have been helped through special initiatives - including stepfamilies, bereaved parents and those parenting alone. Founded by best-selling author and speaker Rob Parsons, the charity is committed to strengthening family life and helping those who face family difficulties.

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