

Smart ways to stretch your family's money further



Any parent can tell you that having children is one of the most rewarding – yet challenging – times of your life.

Whether you're in a two parent relationship, a step-parent or single parent - whatever the set-up, having kids is expensive. However, there are loads of tips you can follow to get the support you need and to make each dollar count...





- **Extend your single health-care cover** into an affordable package for the whole family, which is likely to come up cheaper than single cover for each individual.
- **Save on childcare costs** by researching the maternity and paternity leave at your workplaces. Arranging for one parent to be at work while the other is at home, and then switching the employee and stay-at-home roles could help extend the time before you pop the kids in daycare and therefore save money!

- **Apply for the right government benefits** for your circumstances – contact the Department of Human Services at humanservices.gov.au or call the Family Assistance Office on 13 61 50. You could also save on childcare costs regardless of your income.
- **Create a higher education fund** for your child. Did you know that putting away just \$10 a week for 18 years at an interest rate of 7%, compounded monthly in a savings account, will snowball into an education fund of more than \$20,000? This will certainly help financially when your child leaves school and may want to attend a specific course or university.

Having kids is expensive but there are loads of tips you can follow to get the support you need and to make each dollar count.

- **Save for a rainy day.** It's important to have a kids emergency fund that you make small, regular contributions to, which will come in handy if you have school excursion fees or unexpected medical bills.
- **Start a vegetable patch** on your balcony or in your backyard. It only takes some seeds and a pot or plot of soil to start growing food for the family dinner – and your kids will love getting their hands dirty in the garden. Why not ask them to own a plant. They'll get a kick out of watching it grow and eating its produce.
- **Another one on the way?** Consider extending your home, rather than upgrading to a new location. It will save on costs like stamp duty and refinancing fees with your lender.



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Look to **friends and family** to borrow items like the cot, pram and highchair when first having kids as these can be expensive items which you only need for a year or two.

- **Make gifts at home for friends and family.** Children love making things with arts-and-craft adventures, so create an affordable and fun experience in one.
- **Set the example – say “no” to the kids sometimes.** Children don’t need every gadget and sweet treat at the supermarket. Balancing “yes” with “no” will help them learn responsible money tips at the right age: right now.
- **Remember the toys you had** and consider pulling out the pots and pans as a drum kit instead of forking out big money for the latest musical toy.
- **Plan, plan, plan.** This means creating menus for breakfast, lunch and dinner at the start of the week. Buying and cooking in bulk will save time, dollars and energy bills.

Additional Ideas When Times Are Tough.

- **If you’re a single parent,** work out your estimated child maintenance payments via the Department of Human Services website: humanservices.gov.au and click on ‘Separated Parents’.
- **Do you have unclaimed money** lying around somewhere? Every dollar counts. Use the free online search tool of the Australian Securities and Investments Commission (ASIC), which traces any money you may have left in former bank accounts, insurance policies or shares. Visit moneysmart.gov.au and click on the Quick links ‘Unclaimed Money’.
- **If you have any creditors** to pay, get in touch with them early to explain your circumstances. They’ll appreciate small, frequent payments over large, irregular lump sums that you can’t keep up.
- **Do I really need it?** Ask yourself this question every time you are about to buy. All those little extras can start to add up.



Create Community.

Finally, remember to tap into online blogs and forums to be part of a supportive community that can share tips, solutions and an open ear.

Take a look at:

- raisingchildren.net.au
- ourfamilybudget.com
- gumtree.com.au
- simplesavings.com.au
- kidspot.com.au
- singleparentbible.com.au
- singleparentcenter.net
- singlewithchildren.com.au
- singlemotherforum.com
- byokids.com.au



If you have any creditors to pay, get in touch with them early to explain your circumstances.





How to plan a budget

Do you often feel that more money goes out than comes in? Are you always stretched for cash and wondering how the next bill is going to be paid? Do you tend to live on credit and feel the constant burden of those monthly bills?

Wouldn't it be nice to know that all your bills could be paid each month and even have some money left over? Do you like the idea of having a savings plan for a holiday or something special but feel you'll never be able to? Well you can! All it takes is a little budgeting.

Many Australians face financial difficulty. This comprehensive guide to planning a budget can help you get on top of your finances and start enjoying your money!

Understanding what a budget is, why you should have one and how to use it will mean saving money and making every dollar go further. A budget will allow you to take charge of your money, help remove financial stress and will allow you to enjoy your money more. Are you ready to get the most out of your money?

What Is A Budget?

A budget is a plan that shows how much money you have coming in, how much money is going out, and how much money you decide you can reasonably save.

Can Anyone Create A Budget?

Many people feel that they aren't the 'type' to stick to a budget. They might feel like a budget is too restrictive or that they'll never have that kind of control over their money. But we'd like to share a secret: a budget is easy – and anyone can make it work for them. As long as you have money coming in, like a salary or pension, and money going out, like bills and expenses, then you're the perfect candidate for a budget.

How To Create A Budget.

1. Collect your bills and expense records.

First, collect your bills and bank statements from online banking or the post over the last month. If you don't have an actual bill or receipt for an item, carry a notebook around with you during the day and record what you're buying, how much it cost and the date you bought it. Or it's easy to spend five minutes at the end of each day jotting down what you spent money on for that day. With this step, we're creating a history of your monthly expenditure. Ideally, you should record about two months' spending, but even one month is good. Make sure you collect everything that you spend money on including:

- Utility bills such as electricity, gas, water, strata levies or council rates
- Rent or mortgage repayments
- Household bills for your home phone, mobile, internet and Pay TV
- Children's fees for school, childcare costs, uniforms and books

- Car registration, insurance, services, tolls and the total of your monthly petrol receipts
- Insurances – consider health, life, income, and home-and-contents insurance
- Repayments to your credit cards, store cards and any personal loans
- Grocery bills, tallied up for the whole month
- The costs of eating out, like take-away dinners or going to a restaurant for a special occasion
- Any fitness expenses like gym membership, a personal trainer or hiring a squash court for an hour
- Any charity donations, such as sponsoring a child in a third-world country or small donations to your local church once a week Any miscellaneous costs, like gifts, magazine subscriptions, pet expenses, visits to the doctor, prescriptions, holidays or public transport. Simply record everything for the month.

2. Savings.

Don't forget to include a monthly saving target. Although this is not an expense it is money you should be putting away. Include savings in your budget and you're more likely to get to your target.

3. Write down your income after tax.

Make a note of your regular salary for one month, after the tax has been deducted – this is called your 'net income'. On the other hand, your total income before tax is called 'gross income', less any business expenses incurred in generating that income. If you're self-employed, make sure you record your pay only after you've set aside money for tax. Record also any other income you may have, like any extra work, money you receive by renting out another apartment or house you own, or interest you earn on your savings in a bank account.

A budget will allow you to take charge of your money and help remove financial stress...

4. Group your expenses.

Now that you've got one or two months' worth of expenses, group them into the month that you spent the money in.

And then divide these costs into subgroups under the following category names:

- Household bills
- Education/school costs
- Debt repayments
- Car
- Public transport
- Medical bills
- Insurance
- Personal expenses
- Other expenses
- Create any new categories that take a chunk of money each month – like a sport, hobby or pet care.

TIP: Try contacting your bank to see if they offer this service on your next bank statement. Why not ask them to do the work for you.

5. Identify fixed and variable costs.

Note down the fixed expenses that are the same each month or quarter (rent or mortgage, insurance payments and utility bills) and variable expenses (groceries, entertainment and clothes). Simply mark 'F' for fixed or 'V' for variable in a separate column beside each expense item. The idea is to find out where you can tighten your belt, which is typically possible with your variable costs. But don't worry – you'll even be able to reduce your fixed expenses, too. More about that later.

6. Create your own budget spreadsheet – or use our template.

It's important to track your expenses and plan your budget over a period of time. This isn't something you can do in one night. As a helpful tip, we suggest you photocopy the special 'Your Budget Planner' liftout in the centre of this booklet 12 times – one for every month – and start a fresh planner every month. Clearly label each sheet with the month of the year.

7. Fill in your expenses.

Record all your expenses under the month you spent the money. Make sure you don't double up. 'Your Budget Planner' (at the centre of this booklet) has a blank section for any extra subcategories you need. Don't forget to mark whether the expense is variable or fixed.

8. Plan ahead.

Pencil in your estimated fixed expenses for future months. You may not have paid your lump-sum car insurance for the year yet, but you know it's due in three months. Or if you visit the hairdresser once every two months, record this cost with two-month gaps in between.

9. Review your expenses.

Have you remembered all your expenses, looking at your bills and bank statements again? Did you leave anything out? It's important to be honest with yourself about what you really spend your money on. Some bills are paid quarterly, like utility bills or council rates, so it's important to track your monthly expenditure over six to 12 months, to make sure you have an accurate record of your total spend.

10. Review your income.

Remember, your income includes any additional income like child support, childcare rebates or rental income. Don't forget to include any work bonuses or tax rebates for upcoming months.



11. Calculate your total monthly income and expenses.

This is the important bit: when you add your total monthly income in one column and monthly expenses in another, is your income higher than your living expenses? That's a great start. Or is your income lower than your expenses? If so, we need to look at shaving off some of your living costs, so you can pay all bills, put some money aside and still have something left. This may explain why you feel you never have enough money because in reality you don't.

12. Find out if you're 'in the black' or 'in the red'.

If you're in the black, which means your total income is higher than your total expenses, you can still aim to save money on your variable expenses so you can achieve a big goal like a holiday or new car. If you're in the red, where your total income is lower than your total expenses, we really need to look at where you can save. See our chapter called, 'Top Tips To Shop Smart' on page 15 to give you some ideas.

13. Finish your budget – think ahead.

Now that you've pencilled in your expenses for previous months and you have an understanding of where you can save in future months, write all your proposed expenses down at least three months ahead. This will give you a good idea of where you can juggle some expenses. For example, you may reduce your clothes or entertainment spend when you know you have a big bill one month.

14. Keep tracking your money!

Congratulations – you've finished your budget. But remember, now it's time to follow it and keep tracking your spend. Pin 'Your Budget Planner' on your fridge or put it in a place where you'll see it everyday. The idea is to update and review your incomings and outgoings every week. Stay at least three months ahead, so you can plan for unexpected expenses or spoil your family with a cool surprise through money you've saved on the side.

Your Budget Planner

Photocopy this multiple times so you will always have this copy as your original template.

Month: _____ Year: _____

1.

Income		F/V
Type of income		
Salary or wage (after tax)	\$	
Pension or Government allowance	\$	
Child support or other payments	\$	
Regular income from investments (e.g. interest, dividends or rent)	\$	
	\$	
	\$	
TOTAL INCOME	\$	

2.

Expenses		F/V	F/V
Household expenses			
Rent	\$	Child Care	\$
Repairs	\$	School Fees	\$
Gas	\$	University/TAFE fees	\$
Electricity	\$	Tuition	\$
Water	\$	Books and uniforms	\$
Telephone		Camps/exercursions	\$
Mobile	\$		\$
Rates	\$		\$
Body corporate fees	\$	Sub total	\$
Internet	\$	Debt repayments	
Pay TV	\$	Mortgage	\$
Furniture	\$	Car loan	\$
Appliances	\$	HECS/HELP payments	\$
Groceries	\$	Credit cards	\$
Gardening	\$	Personal loans	\$
	\$	Store cards	\$
	\$	Lay-bys	\$
	\$		\$
	\$		\$
Sub total	\$	Sub total	\$

Complete your budget in 3 easy steps:

1. Calculate and write down your monthly income after tax.
2. List your expenses for a single month in the white spaces provided, either in the categories listed or add your own. Mark these as either 'F' for fixed or 'V' for variable to the right of each expense.
3. Calculate all sub-totals and totals to review your final budget for the month.

Expenses continued

Transport expenses		F/V		Savings		F/V	
Car registration	\$			Superannuation contributions	\$		
Parking	\$			Regular savings	\$		
Fuel	\$			Regular investments	\$		
Repairs/maintenance	\$				\$		
Public transport	\$				\$		
	\$				\$		
Sub total	\$			Sub total	\$		
Personal expenses							
Clothes and shoes	\$			Child support payments	\$		
Hair and beauty	\$			Gifts/Donations	\$		
	\$			Entertainment	\$		
Sub total	\$			Hobbies and sports	\$		
Medical expenses							
Doctor	\$			Subscriptions	\$		
Medicines	\$			Restaurants and takeaway	\$		
Dentist	\$			Pet food	\$		
Natural Remedies	\$			Other pet costs	\$		
Sub total	\$				\$		
Insurance							
Home and contents	\$				\$		
Car insurance	\$				\$		
Health insurance	\$				\$		
Income protection	\$				\$		
Life insurance	\$				\$		
Bill insurance	\$				\$		
Sub total	\$			Sub total	\$		
TOTAL EXPENSES (add all your sub-totals together)					\$		

3.

Net	TOTAL INCOME	-	TOTAL EXPENSES	=	NET RESULT
	<input type="text"/>		<input type="text"/>		<input type="text"/>

Budget Checklist:

- **Collect & group all your bills, expenses and saving targets**
- **Make a note of your take home income**
- **Jot down all expenses and income into a budget format**
- **By reviewing previous months, plan your future months' budget**
- **Make adjustments for upcoming months**
- **Stay on track!**

TIP: Photocopy 'Your Budget Planner' so you will always have an original template.

Help Protect You And Your Family Financially.

Now that you are aware of all your monthly expenses, what would happen if you couldn't work due to sickness, injury or redundancy? The bills don't stop just because you do. And what if you're a stay-at-home parent? If you got sick or injured and couldn't look after the kids or take care of the home then you'd have to pay for someone to help you out, which would be another bill on top of all the regular ones. As you've seen by 'Your Budget Planner', your monthly expenses do add up. Why not consider a bill insurance or income protection insurance product to help remove the financial worry.

For more about this type of insurance, see
<http://www.insuranceline.com.au/income-protection-insurance/>

