



CHOOSE THE RIGHT BUDGET STRATEGY FOR YOU

Do you wish you had more money? Do you have too many days to wait until pay day? You are not alone! In fact, many Australians run out of money 9.09 days after payday!¹

Creating a personal budget may help stretch your money further and save you the worry that comes with living paycheque to paycheque, overspending and debt.

Besides spending less than you earn, there is no one single budgeting approach that works for everyone. So here are five ways to take back control of your money.

1. Save first

Easy to implement, this strategy will see you save first and spend second. This approach dictates that you put aside a fixed amount toward savings first, then spend the rest however you choose. But don't be tempted to dip back into your savings as many Australians tend to do. In fact, we dip into our savings a total of 3.29 times per month!²

2. The big cut

If you struggle with your expenses exceeding your income, the big cut strategy could be for you. First, review your current spending then find one significant thing you could remove – think downsize your home, become a one-car household or minimise entertainment and eating out. Eliminating one big expense can help balance your finances and have you back on track towards establishing a savings plan or making extra debt payments.

3. 50/20/30

If you want to implement a simple budgeting technique with no fuss, the 50/20/30 may do. With this method, you split your after-tax income into:

- 50% to spend on needs/must-haves
- 20% to save and to make additional debt repayments/savings
- 30% to spend on wants



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To practically manage this, you can set up an automatic transfer to a separate bank account for your spending money and direct your savings into another account, say an offset account linked to your mortgage.

Of course, the 50/20/30 won't suit everyone and should be modified to suit your circumstances. You may decide that a 60/20/20 split is more suited to you depending on your income, mortgage, rent and debt repayments.

4. Money buckets

Like the 50/20/30 strategy, you may choose to arrange automatic transfers to multiple accounts or 'money buckets' to manage savings and spending money, but the amount of each transfer is determined after you have reviewed your expenses. This requires a little more time and effort but is more accurate and an eye opener to see exactly where you are spending your money.

5. Track your spending

This method requires you to track your spending. This could be very easy through your bank or money-management app. Importantly, set aside regular time (at least monthly) to review how much and where you are spending your money. Monitoring your expenditure will highlight overspending and where you can cut back.

Take action, choose one of these strategies today to set yourself up for financial success and your long term financial health.

1,2 *The Spending Habits of Australia and America | Compare the Market*