

In a recent survey it was reported that 39% of working Australians could survive for only 30 days on their current savings if they lost their jobs\*.

This statistic highlights the importance for people regardless of their employment status to be mindful of their income and expenditure, in both the short and long-term.

Budgets can help people better understand where their money goes from week to week. In particular people who've lost jobs or are working reduced hours need to carefully plan how they'll manage their finances.

MoneyHelp's financial counsellors can help people to prepare a budget and plan to tackle their debts, whether they are still employed and struggling to pay the bills, or if they are unemployed and trying to manage on a reduced income.

### What is a budget?

A budget is a plan of how money will be spent over a certain period. It identifies how much should be kept for essential and regular expenses like mortgage, rent and utilities, and for less regular expenses such as car registration. It also identifies non-essential spending and areas where spending can be reduced.

There is no fixed and correct way for people to assess their current financial situation and plan their future finances. Some consider budgeting a tedious process, however it can be a useful exercise if you are in debt or struggling to pay the bills.

A budget compares income and expenses. Where expenses exceed income, changes must be made. Income will need to be increased or spending reduced so some degree of financial control is maintained.

Need more information?

Visit [www.moneyhelp.org.au](http://www.moneyhelp.org.au)  
Or call 1800 149 689

### Budget templates

A number of free budget templates are available online. These provide a prompt about categories of regular and periodic expenses (like a checklist) and are helpful even if a person doesn't want to go through the process of preparing a formal budget.

MoneyHelp recommends the template available at [www.moneysmart.gov.au](http://www.moneysmart.gov.au) as well as the budget planner available on the MoneyHelp website under 'Tools & Tips'.

### What does a personal budget look like?

Budgets can be weekly, fortnightly or monthly. What works best is really an individual decision. It's important to include bills that are paid yearly on a pro-rata basis in the calculation.

Where possible, a budget should also include a buffer for unexpected expenses like car repairs and medical bills.

A budget should be reviewed and updated every few months to make sure it continues to work as a plan for managing finances.

## How precise does a budget have to be?

It's not important that a budget accounts for every dollar, rather a budget indicates balance or the degree of imbalance between incomings and outgoings. To get a better idea of where money is going, keeping a spending diary for a week (or month) can be useful.

The most effective budget will have some flexibility. A buffer of funds for emergencies (where possible) will help prevent common unexpected expenses like car repairs or medical bills from blowing the budget. Some rewards should be built in for good management and commitment.

## Talk to a financial counsellor

A financial counsellor can provide advice about budgets and debt management. Victorians who are struggling to pay their rent or mortgage or facing job loss or reduced hours, can contact MoneyHelp's phone (1800 149 689) or email ([www.moneyhelp.org.au](http://www.moneyhelp.org.au)) financial counselling service for free assistance.

## Further information

MoneyHelp 1800 149 689

## Sources

MoneyMinded:  
How to prepare a budget  
Moneysmart website  
[www.moneysmart.gov.au](http://www.moneysmart.gov.au)

\* Dun and Bradstreet's Consumer Credit Expectations, January 2009

## Key messages

- A budget highlights essential and non-essential spending
- Many retrenched workers will have to wait several weeks to be entitled to Centrelink payments
- A MoneyHelp financial counsellor can help Victorians struggling to pay their rent or mortgage or struggling with job loss to prepare a budget

*The funding for this fact sheet was provided by the Victorian Property Fund on the approval of the Minister for Consumer Affairs.*

*The information on this fact sheet is general and does not constitute legal advice.*

*MoneyHelp's products and services have been prepared for the information of Victorians who are struggling to pay their rent or mortgage, or facing job loss or reduced working hours. Phone 1800 149 689 to speak to a MoneyHelp financial counsellor. A financial counsellor will discuss a range of debt payment options based on an individual's circumstances.*

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