

Stewardship Forum

An evangelical alliance Partnership for Change

Stewardship Tools for Individuals : Budgeting & Saving Tips

Title: Getting a Grip on Your Finances

Author: Keith Tondeur

Handling money is one of the most difficult skills we all have to learn. It is something that we will be doing nearly every day and yet probably most of us have never been taught how to do so. The task can be made even harder when we are away from home or partners for a long period. Money problems can cause immense problems and pressures and so it is vital that all steps necessary are taken to avoid this pain.

Probably the most important step is to ensure that you are living within your means. With the widespread use of credit in our society it is perhaps easier not to know your true financial position than to know exactly where you stand. Using credit extensively will usually mean that amounts owing are not settled in full every month. If that is the case, and with many credit and store cards still charging over 20% interest, the amount owed will rise sharply and it may soon become very difficult to keep going.

Drawing up your financial statement

1. The best way of keeping on top of your finances is to draw up your own financial statement, or budget as it is commonly called. What this does is show you clearly what your income is and where it is being spent. It will show you clearly whether you have a surplus left over at the end of the month or if in fact you are actually regularly spending more than you are earning. Budgets can be a pleasant surprise or a nasty shock. It is important that they are really accurate otherwise you will end up fooling yourself that things are better than they actually are.
2. The first thing to do is to keep records as completely as possible. So you need to be referring to wage slips, child benefit books etc. with regard to income. When it comes to spending a very accurate picture is needed not only of what you are spending but also where. To enable you to do so it would be very wise for every spending member of your family to have a pen and notebook and record in it what money has been spent on over a monthly period. This may sound somewhat boring and it certainly is not a bundle of laughs but could well mark the start of a significant improvement in your financial situation. If you would like a detailed budget sheet to complete contact Credit Action and they will send one out to you.
3. After you have done this gather the information from the notebooks and put them into some sort of order. One good way of doing this for example is to have different sections. So you could have headings such as regular commitments, everyday costs and occasional expenditure. Under the first would be things like mortgages, council tax and utility bills. Your everyday costs would include things like food, drinks and petrol and occasional costs would be things like car repairs, presents and holidays.

Stewardship Forum

An evangelical alliance Partnership for Change

4. Once you have done this take a look at your budget. Is your income more than what you're spending? If so great but if not are there areas in which you can easily cut back? Then have a look at the categories in which you are spending. Do they reflect your priorities?
5. As you prepare your budget it is easy to forget certain items. Remember if you are preparing your statement based on your monthly income then all spending should be treated in the same way. Almost certainly you will have things that will be paid quarterly so one-third of that bill needs to be put into your budget. Similarly, yearly items need dividing by twelve before entering. It is often these last items that slip through the net as an annual insurance premium or membership is easy to forget.
6. Don't forget too that budgets are easily broken. Money needs to be set aside for the unexpected such as the repair of household goods or car. Another way of breaking a budget is to impulse spend. If you do things like buying sweets regularly put them in the budget! But using a credit or store card regularly on items you have not allowed for can be really damaging. Some surveys have indicated that people who use credit regularly spend about one-third more than those people who don't use them.
7. Remember to build into your budget things like Birthdays and Christmas – and watch that miscellaneous spending! It is often the little things that are purchased every day that can mount up to big sums at the end of the month. It is important too to remember if you have a partner that they may well have different priorities to you! Try and agree on joint priorities but allow some freedom for individual spending too. Your budget should be bringing peace not conflict into your home.

Preparing a financial statement should:

- Give you an accurate picture of your financial situation
- Enable you to alter your spending patterns to more reflect your priorities
- Show you where you can cut back your spending to improve your situation
- Help you convince any creditors you have that you need to renegotiate payments but that you will be able to meet the new proposals you are making.

Once you have finished your budget just go over it again to ensure that nothing has been forgotten. Ask your partner and children whether anything is missing. If you are finding it difficult to make ends meet, or when you have produced your budget and it shows a deficit, reproduce it without it showing any debt repayments. This will then enable you to see what money actually is available for repaying creditors.

Conclusion

If managing money is proving difficult, you are struggling to balance your budget or if you know you are in debt seek advice straight away. Do not be afraid to go and see your welfare officer. Or seek free confidential advice. There is such a service available to all service personnel and their families through the RSR\ Credit Action help-line. [0800 591084]. Specific

Stewardship Forum

An evangelical alliance Partnership for Change

booklets are also freely available. So, if you would like such a booklet or a budgeting sheet then please contact Credit Action.

About the Author – Keith Tondeur is Director of Credit Action a national Christian education charity. He often preaches and teaches on handling money from a biblical perspective.