

FINANCE TIPS: BUDGETING



What does God have to say about wise management of our finances?

God created the earth and all that is on it and He gave man and woman the responsibility of ruling over it all. God has called us to be good stewards of everything He has given us and what is important to God needs to be important to us.

If your finances are ruling your life then now is a good time to turn that situation around.

Proverbs 21:5 tells us that the plans of the diligent lead to profit, as surely as haste leads to poverty.

God is telling us in this verse that we need to plan what we are going to do with our money and not be careless.

If you consistently struggle with your finances then the advice we receive in Proverbs 15:22 is that plans fail for lack of counsel, but with many advisers they succeed. Find yourself a good coach who can help guide you in this important area of your life.

Why do you need a budget?

Most people cringe when the word 'budget' is mentioned. A bit like they do when you mention the word 'exercising'.

1. Creating a budget is a wise thing to do and wisdom brings peace into a stressful situation.
2. A budget will help you de-clutter your financial mess, which in turn will help you see why you don't have any money left at the end of the week/month while accumulating an ever-growing debt.
3. A very important question to ask yourself is 'what do I want to achieve from my budget?'
 - *Do you need **funds to fulfill** your dreams for your life?
 - *Perhaps you want to **pay off debts**, such as credit cards, mortgage or HECS.
 - *Maybe you would like to **save a deposit** so that you can buy your own home.
 - *Or perhaps you would like to save **for family holidays** rather than have to deal with the ongoing cycle of paying off credit card debt when you get back home.
 - *Or perhaps you need to be **saving for your retirement or creating wealth through investments**.

A budget will keep you focused and continually aiming for those important dreams.

Practical tips for creating your budget

1. Give every dollar you earn a purpose.

You must be intentional with every dollar. God has given you 100% so when you prepare your budget make sure the total of your expenditure equals the total of your income. Don't waste a dollar. Be good stewards of the little and God will entrust you with the big. And remember the dollars you put into savings is as important as the money you use to pay your bills.

2. Planning and collating data is an important step to preparing your budget. This will take time and you may need to make adjustments over the first few months till you are aware of all your expenses. A great way to get started is to get out your bank statements and bills for the past 6 months and record your regular payments and then at the end of your working week add your day to day cash expenses, such as groceries, lunches, coffees, travelling expenses, newspapers, magazines. (don't forget to keep all your docketts on a weekly basis for a few months) *Download the template on our website to help you record your financial budget.

3. Be realistic. Don't lie to yourself. You will go out for dinner. You will spend more on the kids. You will buy that extra coffee. Allow for extras. Don't go overboard by giving too much importance to the extras. Document reality. Don't cut out the fun.

4. Do the budget in order. First fruits are mentioned in the bible 32 times in the King James version so putting God first is an important principle to live by, in all areas of your life, especially with your finances. In Malachi 3:10 God gives us permission to test him, so why not give it a go. He will not disappoint you. I suggest you read a great book about finances called 'The Richest man in Babylon'. The author suggests that we use the 10+10+80 Rule. We take 100% of our income and break it up into 3 portions. The first 10% is our giving. The second 10% is our savings (yes you pay yourself) and 80% we live on.

5. Automate the important – Tithing, saving, insurances, utilities, and school fees. Setting up automatic transfers and payments for your tithing, giving, savings and bills payments can save you a lot of time each pay and also give you peace of mind that they are all taken care of. Open a savings account and a separate bill account (this can be a credit card only if you are good at paying your monthly balance) and set these regular transfers and payments to occur on your payday.

6. Using a separate account for bills. Separating your bill money from your savings and using one account to pay your bills can be useful in keeping track of your spending. You only have to look in one account to see how much is being used for your day-to-day expenses. Some people like to use cash envelopes for items such as grocery and dining out, entertainment, spending money, clothing. You allocate a certain amount to each envelope and that is all you are allowed to spend on that item. This is a good way of learning to control your spending habits.

7. Be patient. A good habit takes at least 3 months to put into place, so be kind to yourself. Take your time creating your budget and learning to manage your money. Living within your means can take time and patience but you will reap the benefits and you will have more peace in your life. And by putting money aside for your savings (paying yourself too) will mean you will have the funds to pay for your lifetime dreams.

Pass the skill of budgeting onto your children.

For those with children, being able to teach them about budgeting is one of the greatest tools you can give them. Sadly the art of handling finances responsibly is not often taught in the school system. Yet scripture is clear that a wise man leaves an inheritance for his children's children (Proverbs 13:22) By modeling how to use a budget and including your children in the process, you are setting them up for a life of healthy financial responsibility. Think of ways you could help to teach your children the principles of budgeting. Perhaps some extra chores around the house that are worth a set amount of money. Then they are able to complete the work, receive the money and then use that for their own giving, saving and spending.