

Budgeting Checklist



Saving for a deposit can be hard, but it is well worth it if it means that you can purchase your first home.

Follow these simple steps and you will be opening the door to your new abode in no time at all.

Budgeting checklist

In order to save, you need to budget – use the four step process below.

- List your income – including salary, dividends from shares, interest on bank accounts and anything else that generates income.
- List your unavoidable expenses – including rent, utilities, car repayments, car registration and insurance, HECS repayments, personal loans and credit card repayments.
- List your avoidable expenses – including clothes and shoes, restaurants, entertainment, hair and cosmetics, taxis and gifts.
- Calculate what's left over – this exercise should help you review your spending patterns and make alterations.

There are numerous practical budgeting tips to help you on your savings pathway:

- Keep a record of everything you spend over a 30 day period. It's amazing to see what you actually spend your money on.
- It's better to overestimate rather than underestimate your expenses.
- Organisation is paramount - don't guess at the figures, rely on old bills and check the real amounts. You need to know how much you have, down to the last cent.
- Regularly review your bank records, balance your cheque book and reflect on your budget strategy.
- Become a conscious spender by making a list before you grocery shop and sticking to it. Compare prices before buying large items and never buy on impulse.
- Possibly give something up – like a gym membership or takeaway dinners - for a couple of months. Money saved each month could be added into your savings plan
- If you smoke, forget the health reasons for quitting – just think about the money!
- Place your savings into a high interest, online savings account.

Budgeting & Your Home Loan

- With home loans, never borrow more than you can afford – ensure your income exceeds your mortgage repayments, with funds left over to cover unexpected costs.
- Factor interest rate rises into your calculations. Assume rates are 2% higher than current levels and then work out if you can afford mortgage repayments.
- Assess fees and charges. Check whether there are early repayment or exit fees for the mortgage products you're analysing.
- Say no to increased credit card limit offers - at least until you are easily managing your mortgage repayments.
- Live simply - the simpler you keep your spending habits, the more money you will have to pay off your mortgage.
- Repay more if you can - the more principal repaid, the lower the interest costs. Making extra repayments when you can means that if you have to take time off work, say, on maternity leave, you may be able to reduce your repayments and not be too far behind.
- Make timely debt repayments to keep your credit history clean. If at any time you separate from your spouse or partner, keep up debt repayments on your home loan. If you don't you may blemish your credit profile.

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