

What if we saved as extravagantly as we spent?

#ConspicuousSaving

| Budget tool

As Wealthsmiths™, we understand the importance of money and how it can affect your happiness. Budgeting is an important step towards taking control of your finances and creating a happier you.

Step 1. Don't budget

For many people, the word “budget” has a negative connotation because it lists expenditure and income, and when the two aren't anywhere close, it creates stress and a less happier you.

Step 2. Rather, have a spending plan

A spending plan is key to financial control. It is the first and most important step towards getting your money to work for you, instead of being controlled by it. Rather than focus on the limitations, a spending plan allows you to exploit possibilities and opportunities.

Step 3. It's about spending your money, rather than budgeting it.

Basically, a spending plan is a budget that lists exactly where your money is going. The difference, however, is that a spending plan makes you look at how you are spending your money and what your spending patterns and habits are. It puts you in more control of your money, and your happiness.

Step 4. So, how are you spending your money?

Are you spending huge amounts on the image of wealth? If so, isn't it about time you rather began spending that money on the creation of wealth? Are you spending vast sums on interest on credit cards and debt? If so, cut up the credit cards and begin to reduce your debt. Are you spending on forgettable image luxuries? If so, ditch them. The good news is that no matter how you've been spending your money, it's never too late to start saving.

The following rules of thumb will also help you with your spending plan and your overall sense of wellbeing:

- ⦿ **Housing:** Spend no more than 35% of net income on housing. (Your bond/rent, utilities, insurance, taxes and home maintenance.)
- ⦿ **Savings:** Put away at least 10% of income throughout your working life.
- ⦿ **Car:** Spend no more than 15% of net income on your car. (Your car payment, insurance, license, maintenance, petrol and parking.)
- ⦿ **Debt:** Spend no more than 15% of net income on all other consumer debt such as credit cards, charge accounts, personal loans etc.
- ⦿ **Other:** Spend no more than 25% of net income on all other expenses such as food, clothing, entertainment, childcare, medical, holidays etc.

These percentages are just a guideline. Speak to your financial adviser to determine your personal circumstances.

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To start your savings journey, fill your income and expenses into the below budgeting template.

INCOME	AMOUNT	EXPENSES	ITEM	AMOUNT	
Salary 1		Fixed expenses	Bond/rent		
			Water & electricity		
			Life insurance premiums		
Salary 2			Short term insurance		
			Retirement contributions		
			Telephone		
Bonus or 13th cheque		Life expenses	Other		
			Groceries		
			Clothes		
Contract work			Life expenses	Entertainment	
				Holidays	
				Medical aid/insurance	
Commission		Business expenses		Pharmacy	
				Other	
				Courses	
Maintenance & child support			Business expenses	Books/development	
				Prof. expenses	
				Vehicle	
Rental income		Business expenses		Fuel	
				Entertainment	
				Promotions	
			Savings & wealth creation	Stationery	
				Conferences	
				Other	
Donations		Other	Investment payments		
			Extra bond premiums		
			Other		
Annuities			Other	Donations	
				School fees	
				Children	
TOTAL INCOME		TOTAL EXPENSES		Domestic worker	
				Garden services	
				Levies	
			Credit card		
			Other		

SURPLUS/SHORTFALL