

African Bank Limited press release

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Unlock financial peace of mind with a budget

July is National Savings month and correct budgeting is the first step. Budgeting isn't easy if you're not earning much and even if you are, committing to a budget can be a daunting task. But however you feel about budgeting, it's a key step to staying out of the red and knowing exactly where your hard-earned money is going.

“Budgeting is the best way to gain control of your finances and make sure your money is going toward expenses that matter most to you. To be successful, you need to evaluate what these things are and set long- and short-term goals towards financial peace of mind,” Alfred Ramosedi, African Bank Group Executive: Sales and Marketing.

The biggest problem most people have, according to Ramosedi, is that they don't know where their money is going. Taking an in-depth look at bank statements and store receipts and even, possibly, what's in the fridge, can be a massive eye-opener and perhaps just the motivation some people need to curtail their spending with a strict budget.

Fixed expenses, like rent, car payments and school fees, are easy to work out. It's the flexible expenses, like food, clothing and entertainment, which are often the money-gobblers and which need the most scrutiny and discipline.

So how do you keep track of it all? A good old notebook and pen is really all you need but there are also many budgeting software programmes and apps available. Once you've decided which system will work best for you, these are the next steps to successful budgeting.

Track ... all your expenses, even the small ones: Those which go off on debit order are the easiest to track. The best way to deal with small expenses is to withdraw a certain amount each week or month and enter this in your budget under “miscellaneous”.

Describe ... items in detail. List your expenses by what they are rather than where you purchased them. This will help you to see how much you spend on particular items or in particular categories.

Budget ... by month not by pay cheque. This way, you can get a fresh start every month and plan slightly longer-term. If you have a bad month, it's in the past after 30 days and you can look forward to a better month when you may not have the expenses which threw your budget - and you - into disarray the previous month.

Plan ... for fixed and flexible expenses. Flexible expenses, like entertainment, must be viewed with the same seriousness as fixed expenses - but will most certainly require more

self-control! Remember also to budget for occasional annual expenses, like car maintenance or insurance and other increases.

“A good way to look at a budget is as a ‘spending plan’; a way to be aware of how much money you earn, what you need to pay and how much, if any, is left over. A budget is your key to getting the most out of your money and averting a financial crisis,” concludes Ramosedi.

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