

Needs, Wants & Save

One budgeting rule you may choose to apply is to split your after-tax earnings into three categories:

- spend 50% on needs
- spend 30% on wants
- put 20% into savings

Spend 50% on Needs

'Needs' are bills that must be paid, and things you need to live. This includes rent or mortgage payments, car loan payments, groceries, insurance, healthcare and bills such as electricity and water. Half of your income should cover your 'Needs'. List the 'Needs' you have and how much you spend on each of them in an average fortnight:

Need	Fortnightly cost of this Need
•	\$
•	\$
•	\$
•	\$
•	\$
Total spent on Needs per fortnight:	\$

What are your fortnightly earnings? _____

Determine what percentage of your fortnightly earnings you are spending on Needs _____

If it is over 50%, you may want to consider strategies to lower this percentage such as:

- buy a cheaper car
- carpool or take public transport
- eat at home more often instead of eating out

Spend 30% on Wants

'Wants' are things you spend money on but are not essential. They are optional items including going to the gym, tickets to a concert or sporting event, paying for a subscription-based television service, vacations and having the latest phone or electronic gadget. List the 'Wants' you have purchased in the last fortnight and how much you spent on each of them:

Wants	Fortnightly cost of this Want
•	\$
•	\$
•	\$
•	\$
•	\$
Total spent on Wants per fortnight:	\$

How much is 30% of your fortnightly earnings? _____

Is it a greater amount than you spend on 'Wants'? _____

If you are spending more than 30% of your earnings on 'Wants', you may not have enough money to pay for your 'Needs' and/or you may not be saving enough money.

Put 20% into Savings

Savings can cover your expenses if something unexpected happens, such as you lose your job or need car repairs. Savings can include money in the bank, setting aside money to buy property, and making debt repayments greater than the minimum required.

To better understand how you're spending your money, keep track of your spending habits for a month or two. After this time, analyse your spending to determine how well it adheres to the 50/30/20 breakdown by classifying it into Needs, Wants and Savings.

Complete the table by determining how much money each of these people need to allocate to Needs, Wants and Save if they are applying the 50/30/20 budget:

Person	Fortnightly Income	Needs 50%	Wants 30%	Save 20%
Person 1	\$150			
Person 2	\$185			
Person 3	\$225			
Person 4	\$300			
Person 5	\$550			

Several organisations offer online budgeting tools. The budget planner below can be found on Beyond Bank's website at: <https://www.beyondbank.com.au/tools-calculators/budget-planner.html>

Tools such as this are useful as they perform certain calculations for you. They also list expenses you may not think of. For example, consider all the expenses that are classified under living expenses: rates (council, water), utilities (electricity, gas etc), telephone / internet (rental, service, calls etc), mobile phone, home maintenance, food / groceries / household, medical and pharmaceutical, clothes / shoes, education, household purchases (furniture etc) and pet food / maintenance.

Budget Planner

1. Income Details

	Frequency	Amount	Annual Amount
Net salary and bonuses	Monthly	\$0	\$0
Investment income (interest, dividends, rent)	Monthly	\$0	\$0
Allowances	Monthly	\$0	\$0
Other income	Monthly	\$0	\$0
			Total \$0

2. Motor Vehicle / Transport

3. Living Expenses

4. Insurance / Superannuation

5. Loans, Credit Card and Store Accounts

6. Taxes, Fees and Charges

7. Leisure / Entertainment

Results

? Assumptions Disclaimer

