

To create your budget you'll need:

- The most up to date information about your income (like your most recent payslips) and your monthly spending (from a bank statement or banking app)
- A spreadsheet, or pen paper and calculator

Numbers (and the number system)

Operations and calculations

Handling Information

1. Work out your total monthly income

Add together all your sources of income; pay, benefits, interest earned on savings, student loans, tips and bonuses.

Work out your total monthly expenses

It's important to use real, recent information about your spending to predict out how much you will spend in the coming month.

You could split your expenses into needs and wants to help you work out how much of your spending is on essentials.

Needs - These are expenses you have to cover to have an acceptable quality of life, like rent, council tax, energy and water bills.

Wants - These are the purchases that aren't absolutely essential such as takeaways, entertainment subscriptions and gym memberships.

Don't forget to factor in any expenses you pay annually or quarterly, that might be coming up soon, such as car insurance or bills.

2.

Subtract your **total monthly expenses** from your **total monthly income** to find out if your income covers your expenses.

3.a

I have some money left over!

If you're left with a positive number, that's a great start. But you might want to adjust your spending anyway, to help you work towards financial goals like paying off debt.

Remember, it's always good to leave a little extra in the bank for unexpected expenses and emergencies. This helps make sure you don't miss a payment or go into an unarranged overdraft.

3.b

I am left with a minus!

A negative number means you need to **spend less** or **get more money coming in**

You could try:

- Reducing your spending in one of the "wants" categories.
- Researching if you are eligible for any other government benefits.
- Reaching out to your service provider or your lender, to see if you could get a holiday or discount on the payments.
- Picking up extra work remotely