



When people think of a household budget they tend to think of sacrifice but it's really about managing your money more effectively.

Once you have a clearer understanding of where your money is coming from and where it is going you'll be in a stronger position to pay down debts and achieve financial and lifestyle goals in the future.

Where am I now?

The first step is to establish your current financial position; what you earn (income) and how much you spend (cost of living and debts). Once you have an understanding of your income and expenses, and how frequently you earn or incur them you can create a view of your income and expenses on weekly, monthly and annual basis. The money leftover can then be used to set up a savings plan.

Where do I want to be?

Now that you know how much money you can afford to put away each month, you can start to put in place a savings plan. Your savings goals may be short or long term but it's good to make it something that's achievable.

When is the right time to begin saving?

Most of us know the importance of saving, however many procrastinate for months or even years.

The benefit of starting early is the impact of compound interest. Compounding is when you reinvest the dividend or distribution you earn on an investment. Over time, the reinvested earnings can generate additional capital.

Developing a regular savings plan is a great way to start planning for your future.

Tips to get started:

- Decide on your priorities and choose something to save towards.
- Set realistic targets otherwise you may lose interest and motivation.
- Set up a dedicated bank account for your savings fund.
- Make savings automatic. Almost all banks offer automated transfers between accounts.

To find out more about saving and budgeting please contact Geoff Sharpe on 07 3831 8598 or geoff@sharpefinancialsolutions.com.au.