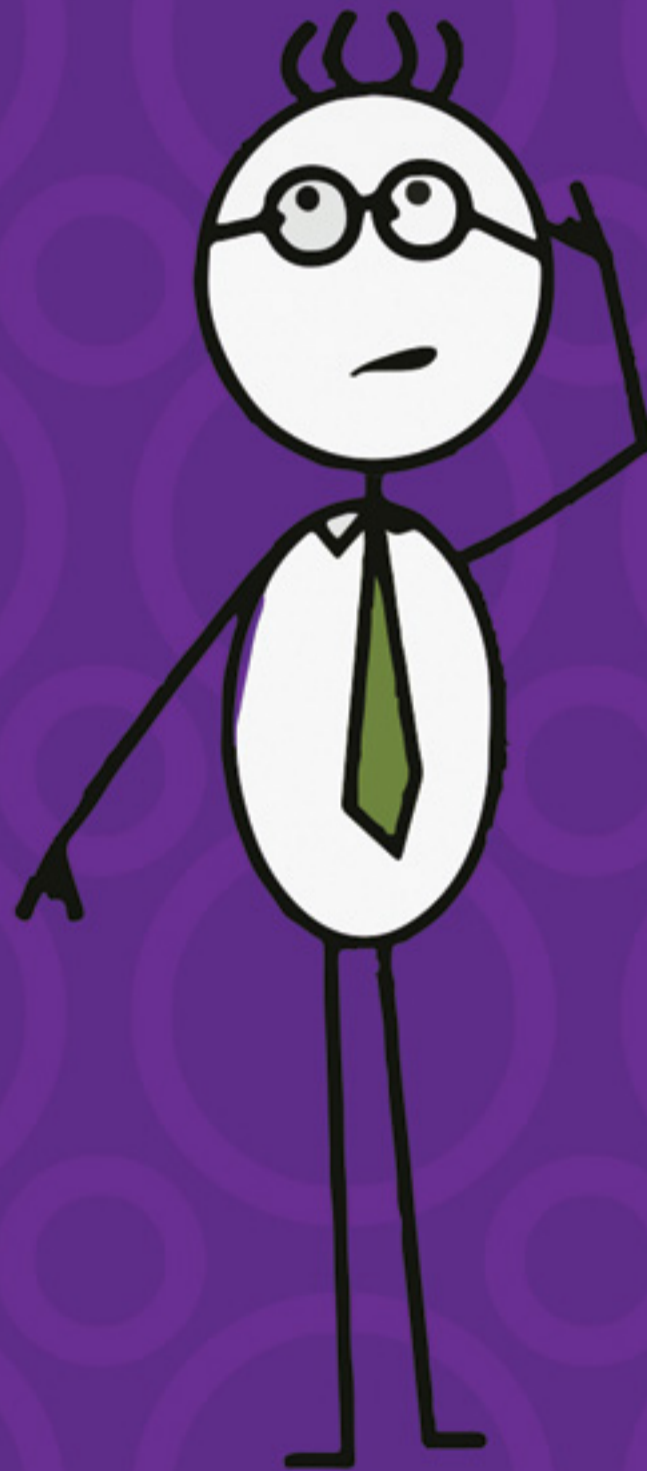
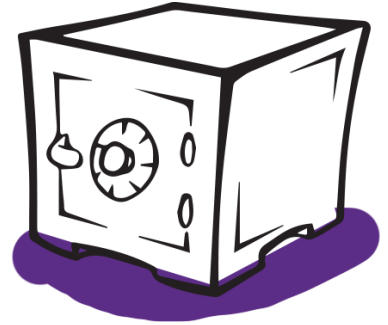


# The 5 Ws and H of Budgeting



We often hear the word “budget” and how important it is, but

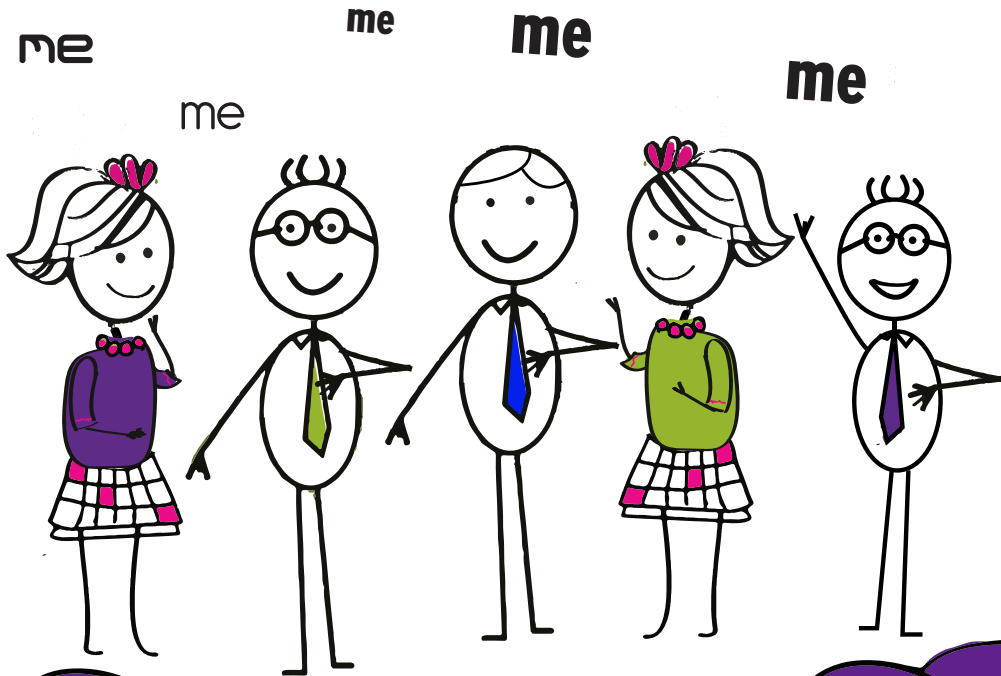


## What is a “budget”?

“A budget is a plan for the future income and expenditures that you can use as guideline for spending and saving.”

# Who should make a budget?

A budget is a tool for everyone not only people who have difficulties with money



## Why should you budget?

Because a budget helps you control your spending. It provides a system of estimation to the amount of money needed to cover your expenses. In addition, the budget helps you match your actual expenses against the estimated amounts. It also supports you in financial planning and saving resources. So, it helps you prepare yourself for emergencies and reduces the stress generated by money issues.

## Where and When should you budget?

The budget should be made on a monthly basis but don't forget to revisit it every year to see how realistic your budget is and what you can modify in it. You can make your budget in a paper, or an excel worksheet, or a mobile application or online program.



# How can you make a budget?

According to **Money Smart**, there are 4 steps to budget

- **Track**
- **Compare**
- **Prioritize**
- **Act**

## Step 1: track your day to day spending

- Prepare a spending diary:

Write down what you spend each day even if it's little. It's the little things that end up costing more over time.

- After minimum 1 week and maximum 1 month of keeping your spending diary take a close look to make choices about where you want your money to go.

## Step 2: Compare money in & money out

## Do a budget:

### How much is coming in?

List all the sources of income for example:

Salary  
Bonus  
Profits  
Interest rates

### How much is going out?

List the daily or usual expenditures and the expected payments for example:

The groceries  
Transportation  
Electricity  
Rent  
Clothing  
Phone

**Remember !!!** when making these entries you have to be accurate because each pound counts and to be honest or the budget won't achieve its purpose.



**By comparing the income and expenses you will have two outcomes:**

- 1- You spend less than your income, then you can save or invest the extra money (check the saving and investment brochures)
- 2- You spend more than your income, then you need to revisit your budget (check the debt management brochure)

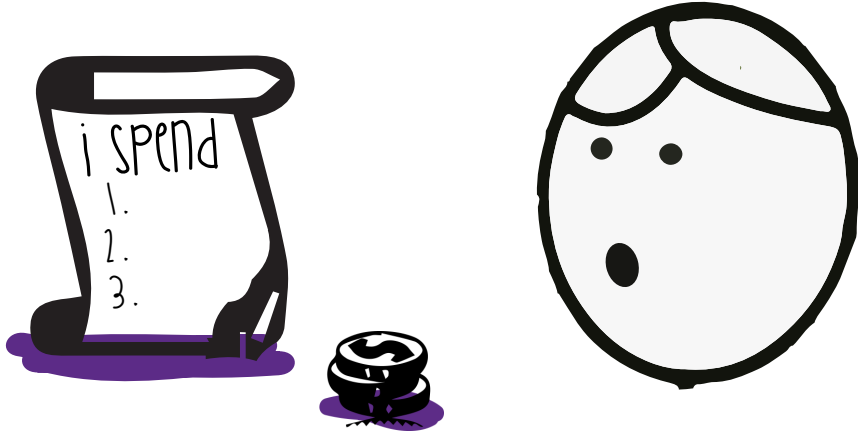
### **Step 3: Prioritize where you want your money to go**

- Whether you have additional or insufficient amount of money, you need to refine your budget and direct your money to where it matters most. This will help you find the balance between spending and saving
- First, you need to identify the difference between your Wants and your Needs:

**NEEDS** are basic necessities, the daily living expenses that we can't abandon such as food and rent

**WANTS** are lifestyle choices what we spend on but could live without such as goals: paying down debt, building up savings or extras: entertainment





- Second, highlight the Needs and Wants in your budget to reduce your expenses
- Third, set your goals (short term and long term goals)

Make your plan and be specific about what you want to achieve, how much you intend to save, and by when.

**Remember !!!** the goals should be realistic and affordable.





## Step 4: Act to make your money work for you

Once you started balancing your budget, how do you ensure you stay on track?

The answer is to C.A.R.E for your money

**Check** your budget at least once a year to see how you are tracking, and update amounts if you need to.

**Adjust** your budget if your conditions change (for example, if your pay goes up or down, you fall ill or lose your job, get married or start a family).

**Reward** yourself with regular treats, so that living with a budget does not feel like a chore.

**Encourage** yourself by putting a picture or chart of your goals on the fridge as a daily reminder.



# The Do and Don'ts of Budgeting

## Do

1. Write all your expenses
2. Pay your bills on time
3. Write your personal financial goals and prioritize them
4. Put one of the goals in front of you so you always remember what's important
5. Compare benefits of different financial institutions & Read carefully before signing a financial agreement

## Don't

- 1- Think your budget is unchangeable
- 2- Create a budget that is too strict
- 3- Get angry if you don't comply with your budget at first
- 4- Use somebody else's budget
- 5- Give up

At the end. Remember that making a budget and managing your money helps you in achieving your goals.

## Monthly Budget

**Month:**

**Total income:**

Phone.....	L.E.	.....	L.E.
Groceries.....	L.E.	.....	L.E.
Internet.....	L.E.	.....	L.E.
Transportation.....	L.E.	.....	L.E.
Donations.....	L.E.	.....	L.E.
Entertainment.....	L.E.	.....	L.E.
Savings.....	L.E.	.....	L.E.
Others.....	L.E.	.....	L.E.

**Actual amount spent**

**Total expenses:**

**Over/under:**





CENTRAL BANK OF EGYPT  
Egyptian Banking Institute

Accredited by **ACCETQ**  
A Partnership for Quality®

**Shaping  
theFuture**  
Financial Literacy Initiative  
© THE EGYPTIAN BANKING INSTITUTE NATION WIDE INITIATIVE 2012

[www.ebi.gov.eg](http://www.ebi.gov.eg)