



# Guide to Budgeting

## What is a budget?

A budget is a plan for managing your money and how you spend it.

A well-planned budget is important for you too. It will help you to organise the money coming in (your income) and the money going out (your expenditure). If your budget is going to work for you, your spending should be less than or equal to your income.

### Q. Why budget?

**A.** A good budget will help put you in control of your money. You will be able to see how much money you have coming into your household and where your money is going each week. You will then be able to make better decisions about how to spend your money. It will help you to plan for bills and unexpected expenses and also to save for special needs or events. A well planned budget should help you to manage better and worry less.

### Q. Who should make out a budget?

**A.** Everybody who has an income and has bills to pay should make a budget. It is essential for the head(s) of a household to budget. If you receive your income weekly do a weekly budget or do a monthly budget if your income is monthly.

### Q. When should I make a budget?

**A.** The best time to plan your budget is when you get paid or at the beginning of every week or month. You may need to make a new budget if things change, for instance if you suddenly need to pay for extra healthcare or if there is a change in your income.

## Income

First, add up all the income that comes into your household.

Make sure to include the following:

- All income after tax and levies have been taken from it. Only include overtime if you receive it regularly. Check that you are paying the right amount of tax and claiming all your tax allowances.
- Social Welfare benefits and child benefit payments.
- Contributions from other people who live in your home, such as adult children or partners ('non-dependants'). Try to make sure that any non-dependant living in the house is paying enough towards the household expenses.

If you are finding it difficult to make ends meet, you may be entitled to money which you are not claiming, such as the Living Alone Allowance or Family Income Supplement. You can find out more about your entitlements from the **Citizens Information Helpline** on **0761 07 4000**.

If you are sick or have a disability, you may be able to claim a range of disability benefits and claim certain tax credits and reliefs on eligible expenses. You can check this with your local Social Welfare office, [revenue.ie](http://revenue.ie) or Citizens Information Centre.

Don't forget to check if you can claim tax relief on eligible expenses such as medical, dental, third level education fees, nursing home fees and care for dependent relatives. Further information and full details of all tax relief entitlements are available on [www.revenue.ie](http://www.revenue.ie) or [www.citizensinformation.ie](http://www.citizensinformation.ie).

### Q. How much do I have to spend?

**A.** Work out with your family how much money you need to spend each week on basic living expenses. You can get a free Weekly Spending Diary from MABS. You can use this Spending Diary to keep track of all your spending. We recommend that you do this over a four-week period. The Spending Diary will help you to see where your money is really going, rather than where you think it's going. If you would like a free copy of our Spending Diary, please contact our **Helpline** on **0761 07 2000**, or visit our website, [www.mabs.ie](http://www.mabs.ie).

Include the following costs in your Budget:

- **Rent or Mortgage:** If you are paying rent to a local authority, make sure you are paying the correct amount for a person on your income. It is important to fill out your annual review form, so that the local authority is aware of any changes in your circumstances.
- **Housekeeping:** This should include food, toiletries, cleaning materials etc.
- **Gas and Electricity:** Call your electricity and gas suppliers and ask how much your bill was for the last year. Divide that amount by 52 to get an average weekly cost. If your usage is very high, enquire about energy efficiency from [www.seai.ie](http://www.seai.ie). If you are worried about being disconnected, you should seek advice from the **MABS Helpline, 0761 07 2000**.
- **TV Licence:** Divide the cost of the licence by 52 in order to get a weekly payment or divide by 12 to get a monthly payment. This is a priority payment because if you do not hold a current licence you may be fined. You can purchase TV licence stamps from your local Post Office.
- **Clothing:** Estimate how much you spent last year on clothes for yourself and your family. Divide the amount by 52 to estimate the weekly cost.
- **School Costs:** Estimate how much you spent last year on sending your children to school. Include the cost of school uniforms, books, fees, trips, contributions and the smaller amounts you're asked for every few weeks. Divide that sum by 52 to estimate the weekly cost.
- **Phone (landline and mobile):** Only include your ongoing bill. If you are worried about being disconnected, you should seek advice from the **MABS Helpline on 0761 07 2000**.
- **Yearly Costs:** This includes car tax, car insurance, home insurance etc. Divide these yearly costs by 52 to estimate the weekly cost..
- **Loans:** If you pay back loans by the month, multiply the monthly amount by 12 to see how much you have to pay back in the year. Divide that figure by 52 to get the amount you will include in your weekly budget plan.

Please note: To change a monthly bill to weekly multiply by 12 and divide by 52. To change a weekly bill to monthly multiply by 52 and divide by 12. To change a yearly bill to weekly divide by 52 or to change it to monthly divide by 12.

The Money Advice and Budgeting Service has helpful information, interactive budget sheets and sample letters available online at [www.mabs.ie](http://www.mabs.ie). Advice and information is also available by calling the MABS Helpline 0761 07 2000 (Monday – Friday 9.00 am to 8.00 pm.) and from over 60 offices nationwide.

- **Savings:** Be sure to put some money aside, no matter how small, for a rainy day or that special occasions.
- **Holidays and Entertainment:** It is important to include this in your budget plan, because all work and no play is not good for you!

### An 'OK' Budget Plan

You will know that your budget plan is OK if you have more money coming in than you have going out. This gives you the opportunity to save more money.

### A 'Not OK' Budget Plan

You will know that your budget plan is Not OK if you have less money coming in than you have going out. You will have to look again at your budget to see where savings might be made.

### Making Savings

With your budget in front of you, look at the following suggestions and see if they help in making a 'Not OK' budget plan into an 'OK' budget plan. It may also be worthwhile to consider what you need, as opposed to what you want.

- Put a mark beside the payments you are not able to change, such as your rent. Look at the bills you could spend less on, for example electricity, gas, or telephone. See if you can get these services cheaper from another company – or reduce your usage.
- If you have loans, shop around for cheaper interest rates.
- See if you can reduce the weekly cost of other items. Shop first for what you need and then for what you may want. Shop from a list you have prepared, covering the basic food needs for the week. Shop around for the best prices and special offers.



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