

BUDGET PLANNER

NAME: _____

DATE: _____

"Annual income twenty pounds, annual expenditure nineteen nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery".

Mr Micawber, *from* David Copperfield *by* Charles Dickens.

One of the most important steps in organising your financial affairs is to work out a budget for your anticipated living expense requirements. Whether you are in the wealth accumulation stage of your life or planning for retirement, this is not just important, it is ESSENTIAL. Unless you undertake this exercise, you can easily overestimate or (worse) underestimate your future expenditure.

The best way to get close to the right answer is to record your *actual* expenses as they occur. However, where you don't have time or inclination to do this, a close examination of your cheque book records, credit card statements, bank accounts and household expenses file will help.

To assist in this process, we have developed a very comprehensive list of possible areas of expense, many of which may not apply in your particular circumstances. These have been set out under 18 Expense Categories in the attached set of Budget Planner Worksheets.

Instructions to Complete Budget Planner

You should look over the Worksheets before you start, to familiarise yourself with the Categories and Expense Items under each. It is also both useful and therapeutic to cross out those Expense Items which do not apply to your situation, before you start. Record or estimate each applicable expense on a weekly, fortnightly, monthly or annual cost basis. Convert the weekly, fortnightly and monthly figures to an annual figure, then write the annual figure in the Annual column. You should then transfer the sub totals for each Expense Category to the Summary of Annual Budget page. The addition of all annualised totals will produce your Annual Budget figure.

Once you have completed this exercise, both you and your advisor can work with much greater knowledge and confidence in designing a Financial Plan to provide sufficient income to meet your needs.

It is a good idea to undertake this exercise on an annual basis. Remember, the first time is always the hardest – it is much easier the second time around. This will then allow you to plan your income to match your anticipated expenses each year and your Financial Plan can be adjusted to provide for expected changes.

Balancing your budget is essential – you don't want to have too little income, nor do you want too much income or you'll end up paying unnecessary tax. Keeping track of what you spend and what you receive is the basis of sound financial planning. The small amount of effort involved will ensure you stay in control of your finances and help your adviser to help you.

With Compliments

