

PREPARING A PERSONAL BUDGET

A personal budget is a statement clearly showing what money you have coming in to the household and what money you spend. This is sometimes called an Income and Expenditure Statement.



The Personal Budget will help you to work out:

- how much money is coming into your household (known as **income**)
- how you are spending your money (known as **outgoings** or expenditure)
- where you can make cut back
- work out what money is left
- work out how much you can afford to offer to your creditors
- plan for the future

WEEKLY OR MONTHLY FIGURES

When completing a budget you should decide whether a weekly or monthly budget is most appropriate for you. You should not mix the two. As a general rule, if you regularly receive money on a weekly basis, you should calculate a weekly budget. This means you may need to re-calculate some of your income or outgoings to make them all the same:

weekly to monthly – weekly figure x 52 (weeks) divided by 12 (months)

monthly to weekly – monthly figure x 12 (months) divided by 52 (weeks)

fortnightly to monthly – fortnightly figure x 26 (periods) divided by 12 (months)

four-weekly to monthly – four weekly figure x 13 (periods) divided by 12 (months)

WHAT SHOULD BE COUNTED AS INCOME

Income is any money coming into the household. This could be made up of:

- wages or salaries
- pensions
- benefits
- child support payments
- any payments from household members or lodgers

WHAT SHOULD BE COUNTED AS OUTGOINGS

Outgoings are any regular payments made on a weekly or monthly basis. These could be:

- mortgage
- rent
- fuel (gas and electric)

- housekeeping (groceries, toiletries)
- school meals
- pocket money for children
- clothing
- TV License
- telephone (mobile and landline)
- cable/satellite TV subscriptions
- travel (bus fares, petrol,)
- buildings and contents insurance
- car costs (insurance, tax & MOT, servicing)
- maintenance payments paid out
- childcare costs
- medical/dental expenses
- sundries (birthdays, Christmas)
- Hire Purchase payments
- court fines
- money set aside for unexpected events

It is not always easy to think of everything that you spend, it can be helpful to imagine a typical week and write down everything that you do that involves money. Then you can work out how much you spend in each category.

WHAT'S LEFT OVER

Now you need to add up all the income and then add up all the outgoings. Then take away all the outgoings from the total income. Whatever money you have left after you have accounted for all your regular outgoings is called Disposable Income. This should be shared amongst your creditors to clear your debts.

MANAGING PRIORITIES

The basis of a good budget is to make sure that your income and outgoings are balanced. The money going out should not be greater than the money coming in. Remember that every household is different, with different priorities. Decisions you make about your finances may not be acceptable to someone else. You need to make your own decisions, but remember there will be consequences if you are spending more than you have coming in.

The next sheet has a sample budget sheet where we have filled in some typical values. Your figures may be very different from this but you can see from the totals how the Disposable Income is worked out. On the back of it is a blank version so that you can write in your own figures.

Local Authority tenants can obtain Debt Advice from the rent service Debt Advice team on

**The information provided in this factsheet is for guidance only
Before you take any action it is important to seek advice**

0121 303 2087 or by visiting the Council's website:

www.birmingham.gov.uk/debtadviceteam

SAMPLE BUDGET SHEET

Based on weekly income and expenditure

Income

Wages / Salary

	£
Your take home pay	220.00
Your partner's take home pay	
Regular overtime and bonuses	
Statutory Sick Pay	

Benefits

Housing Benefit	
Council Tax Benefit	
Job Seeker's Allowance	
Income Support	
Child Benefit	30.00
Child Tax Credit	50.00
Working Tax Credit	
Maternity/Paternity Pay/Allowance	
Bereavement Benefits	
IEmployment Support Allowance	64.30
Carer's Allowance	
Disability Living Allowance (care)	
Disability Living Allowance (mobility)	18.95
Attendance Allowance	
Industrial Injuries Disablement Benefit	
Severe Disablement Allowance	

Pensions

State Retirement Pension	
Occupational Pension	
Private Pension	
Annuity	
War Pension	
Partner's State Retirement Pension	
Partner's Other Pensions	
Pension Credit	

Other Income

Maintenance	
Student Grant / Loan	
Income from lodgers, tenants, borders, etc.	
Son / Daughter's contributions	20.00
Other incomes	

TOTAL INCOME PER WEEK	403.25
------------------------------	--------

What (if any) SAVINGS do you have?	nil
---	-----

Name Mrs J Jones

Address 123 Abacus Road

Signature _____

Date _____

**Delete as appropriate*

Expenditure... Weekly / Monthly*

Housing Costs

	£
Rent	75.00
Mortgage	
Secured loan / second mortgage	
Council Tax	20.00
Ground rent / service charge	
Mortgage endowment policies, ISA, etc.	
Life assurance	
House contents / buildings insurance	3.20

Utilities

Water / Sewerage	7.00
Gas (mains)	12.00
Electricity	10.00
Coal / other fuels (e.g. bottled gas)	

Housekeeping

Food and general housekeeping	120.00
Clothing	20.00
Washing machine rental / launderette	

Children

Childcare costs	
School meals / trips	11.00
Nappies and baby items	
Children's pocket money	2.00

Other Important Items

Court Fines / Orders	
Maintenance	
HP / Conditional Sale	
TV Licence	3.00
Telephone	8.00

Travel

Bus / Train Fares	15.00
Car running costs (petrol, tax, insurance)	
Car loan	

Health

Prescriptions	3.00
Care costs / special needs costs	15.00

Other Expenditure

TV / Video / Satellite / Cable rental	5.00
Entertainment	3.00
Credit card payments	
Store card payments	
Loan repayments	
Catalogues	
Sundries	3.00

TOTAL EXPENDITURE PER WEEK	335.20
-----------------------------------	--------

DISPOSABLE INCOME PER WEEK / MONTH*	68.05
--	-------

PERSONAL BUDGET SHEET

Income

Wages / Salary

£

Your take home pay	
Your partner's take home pay	
Regular overtime and bonuses	
Statutory Sick Pay	

Benefits

Housing Benefit	
Council Tax Benefit	
Job Seeker's Allowance	
Income Support	
Child Benefit	
Child Tax Credit	
Working Tax Credit	
Maternity/Paternity Pay/Allowance	
Bereavement Benefits	
Incapacity Benefit	
Carer's Allowance	
Disability Living Allowance (care)	
Disability Living Allowance (mobility)	
Attendance Allowance	
Industrial Injuries Disablement Benefit	
Severe Disablement Allowance	

Pensions

State Retirement Pension	
Occupational Pension	
Private Pension	
Annuity	
War Pension	
Partner's State Retirement Pension	
Partner's Other Pensions	
Pension Credit	

Other Income

Maintenance	
Student Grant / Loan	
Income from lodgers, tenants, borders, etc.	
Son / Daughter's contributions	
Other incomes	

TOTAL INCOME PER WEEK / MONTH*

What (if any) SAVINGS do you have?	
---	--

Name _____

Address _____

Signature _____

Date _____

*Delete as appropriate

Expenditure... Weekly / Monthly*

£

Housing Costs

Rent	
Mortgage	
Secured loan / second mortgage	
Council Tax	
Ground rent / service charge	
Mortgage endowment policies, ISA, etc.	
Life assurance	
House contents / buildings insurance	

Utilities

Water / Sewerage	
Gas (mains)	
Electricity	
Coal / other fuels (e.g. bottled gas)	

Housekeeping

Food and general housekeeping	
Clothing	
Washing machine rental / launderette	

Children

Childcare costs	
School meals / trips	
Nappies and baby items	
Children's pocket money	

Other Important Items

Court Fines / Orders	
Maintenance	
HP / Conditional Sale	
TV Licence	
Telephone	

Travel

Bus / Train Fares	
Car running costs (petrol, tax, insurance)	
Car loan	

Health

Prescriptions	
Care costs / special needs costs	

Other Expenditure

TV / Video / Satellite / Cable rental	
Entertainment	
Credit card payments	
Store card payments	
Loan repayments	
Catalogues	
Sundries	

TOTAL EXPENDITURE PER WEEK / MONTH*

DISPOSABLE INCOME PER WEEK / MONTH*