



# Budgeting: Four simple budgeting tips

A budget is simply a plan for keeping your spending below the level of your income. If you make a plan and stick to it, you'll be better off.

## 1. Get prepared

To build your budget you'll need detailed knowledge of your spending and income. Thankfully, these can all be found in one place: your bank statements, available on request from your bank or via online banking. About three months of statements should give you the information you need.

## 2. List your income & outgoings

The income part is easy – total up all income from your job, benefits, interest from savings, income from investments or a property you let, or pensions if you are drawing down from them.

The outgoings take a bit more concentration. Much of it will be obvious – rent or mortgage, utility bills, travel to and from work, mobile phone bills etc.

Then there is the everyday spending we often don't think about – take-away coffees, chocolate bars when you buy petrol, the magazines you buy when you pop the corner shop.





Don't forget to include the great chunk of money that goes on the one-offs – takeaways, online shopping, unexpected maintenance bills or anything else.

These costs do not land every month, but if you divide their cost down you'll get a figure that you can include in your budget. For example, you may spend £500 once on car maintenance. Just divide this by 12 to get your monthly figure – in this case £42 – and put this down in your budget as your monthly spend on your car.

### 3. Use tools to help

It will help to be as detailed as you can when you draw up your budget, but there will always be things you forget about.

**Fidelity Financial Wellness - Budgeting**  
Understanding Your Spending: Activity Sheet

FOR MONTH OF: \_\_\_\_\_

Knowing exactly what you're spending each month is the first step to making sure your money is working for you. See how you're doing by filling out your average monthly expenses and income below.

ANNUAL HOUSEHOLD INCOME £ \_\_\_\_\_ MONTHLY HOUSEHOLD TAKE HOME PAY £ \_\_\_\_\_

MONTHLY ESSENTIAL EXPENSES (THINGS YOU NEED TO HAVE) ● Tip: You may want to review bank and credit card statements.

Housing		Prescriptions	
Mortgage/Rent	£ _____	Private Health Insurance	£ _____
Council Tax	£ _____	Other	£ _____
Electric	£ _____	<b>HEALTHCARE SUBTOTAL</b>	£ 0.00
Heating	£ _____	Tip: If you only have annual costs for healthcare, that's OK. Simply add them up and divide by 12 to get your monthly figure.	
Water	£ _____	Transportation	
Insurance	£ _____	Vehicle Payment	£ _____
Internet	£ _____	Vehicle Insurance	£ _____
Home/Mobile Phone	£ _____	Registration & Tax	£ _____
TV Licence	£ _____	MOT & Maintenance	£ _____
Other	£ _____	Fuel	£ _____
<b>HOUSING SUBTOTAL</b>	£ 0.00	Parking	£ _____
Groceries		Public Transport	£ _____
Food	£ _____	<b>TRANSPORTATION SUBTOTAL</b>	£ 0.00
Other	£ _____	Debt & Monthly Obligations	
<b>FOOD SUBTOTAL</b>	£ 0.00	Credit Card Debt (monthly payments)	£ _____
Healthcare		Other Loans	£ _____
Health Services (non NHS)	£ _____	Student Loans	£ _____

There are online tools to help, and the best ones will prompt you to include things you may otherwise forget. Would you remember to include the money you spend on boiler insurance, haircuts, vet bills or birthday presents?

Our interactive [Activity Sheet](#) is designed to help you understand where you are spending your money.

### 4. Implement changes

Your budget should tell you whether you are spending more, or less, than your income each month. If your spending is lower than your income – well done! If that's you, now focus on saving even more and putting that money to good use.

If you're spending more than your income each month, it is a sign that you need to make changes right away. You may be managing month-to-month by dipping into savings, or worse using overdraft or credit card borrowing that mean extra interest costs in the future.

### Take the next steps

Knowing exactly what you are spending each month is the first step to make sure your money is working for you. As well as our activity sheet, you can find out your personal financial wellness score in budgeting, debt, savings and protection with the [Fidelity Financial Wellness Score](#).

**Important Information** – This information is intended to be educational and is not tailored to the investment needs of any specific investor. © FIL Limited UKM0122/33080/SSO/0123

## Is your financial wellness score as good as it can be?

Get your Fidelity Financial Wellness score for budgeting, debt, savings and protection, in just a few minutes.

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