

# The Kiwi Nana



## Budget Plan



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## How to get your bills organised

Do you forget to pay your bills? Are you struggling to keep track of which bills are due when? Have no idea what your monthly expenses are and how you should be budgeting for them? Do you have a plan for the money that you receive? Do you have a plan for your future self? Do you have to borrow money for essential expenses that you should already have money available to make the payments? You've officially been thrown a lifeline! A lifeline or a lesson that I have only just been lucky enough to learn and utilise only now, in my 40s, not my 20s where I wish I had be doing this way back then.

Tracking and paying bills doesn't have to be a crazy, stressful experience.

I'm going to show you a common-sense method for getting your bills paid on-time, and in the correct amounts.

I'm going to show you a method, a system that I use, that allows me to have money available for any payments that crop up so that you do not have to borrow money or use that credit card to buy things (not being a slave to a lender).

### You need a system

Late payments stink as they mess with your credit, make you look bad to creditors, and make you feel like a loser.

What you need is a bill payment system. Something that allows you to easily see what you owe, when payments are due, and how you'll cover the payments.

Take control of your bills by using a bill payment account (or accounts) and bill payment worksheet or tracking system.

It is about giving your future self a break from being in consumer debt or getting to your 40s like me and have nothing to show for that hard earned cash that you worked so hard for. Think of all those hours, being overworked, or stressed out because a bill arrives that is totally unexpected.

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## Step One - Set it up

This is a super-simple system. You'll be up and running in 6 easy steps.  
A few quick notes:

First, this system is intended to be used on a month-by-month payday to payday basis, since that's how most bills work, right?

Second, this system is designed to be updated every time you get paid and reassessed each month. **This means that you'll sit down and go through the steps below every payday and before the next month.**

### ❖ Gather your financial information

Get all your bank statements, payslips, bills, and invoices - everything that shows your income and expenses for the month.

Do not forget to include car registration, warrants etc., you need every payment that you make.

### ❖ Use a spreadsheet or piece of paper

Use a spreadsheet or piece of paper OR download my spreadsheet to use or copy its format on a blank sheet of paper if it helps to list all your financial information on.

### ❖ Use a calendar to plot it out visually.

Download my blank calendar or use Microsoft Excel or Word calendar for the month.

### ❖ List your income

List all sources of income, the deposit date, and the deposit amount on your list.

Include your salary, spouse's salary, any rental income, alimony, etc. If you're paid it, write it down!

**For payments that you receive more than once per month (Such as a weekly or fortnightly salary deposit), list them separately.**

For example: Payday 1 and Payday 2 and so forth.

### ❖ List your bills

Next, list all of your **bills, their amounts, and their due dates on your sheet.**

All the things you have to pay for like food and rent, school fees, power and how often you pay them, for example weekly, fortnightly. This will help you see how much money you are paying out.

You may not yet know all of this information for all of your bills. That's ok, because you'll come back later in the month to fill it in once you receive the bill.

**If you have a bill that isn't on a monthly cycle, list it as many time as you pay it in a month.**

For example, if you make bi-weekly mortgage payments instead of monthly, list each payment as a separate bill.

# The Kiwi Nana



**For bills that occur less than monthly, list them anyway.** If the bill isn't due that month, list the month it was last paid.

For example, my trash collection service is billed quarterly. If I last paid it in April, and it's now May, I'll write "last paid in April" where the due date would normally be.

Additionally, **include one-time or non-recurring bills** on your list.

Let's say you have a dentist bill due this month. You need to pay the bill, so you need to write it down! You'll take the bill off your list next month, since you (hopefully) didn't have to go to the dentist 2 months in a row.

**If you set aside money for savings or investments each month, include those amounts as well.**

## **What not to include**

What NOT to include in your bills list: Anything that is deducted from your payday before the payday is deposited. This may include super contributions, parental contributions (child support), insurance premiums, or money that is automatically deposited into a different account.

Why? Because the purpose of this system is to set aside money for your bills that you need to pay from the money that you receive – not the ones that have already been paid prior to deposit.

## Step Two - Plot your income & bills on the calendar

Use the calendar to plot all the payments due for the current month.

This provides a visual so that you can easily work out where money comes and goes.

## Step Three - Determine the payment source

It's important to note here that **the month in which you receive a deposit may not be the month for which it is budgeted.**

For example, let's say you receive a deposit on June 23rd. You won't get paid again until 2 weeks later, July 7th. However, you probably have several bills that are due prior to July 7th. Mortgage payments are a great example – they're typically due monthly or fortnightly. Therefore, the deposit you receive on June 23rd will be used to cover your cheques for the first half of July.

**If you have bills that do not fit with your paydays work out how much to save each payday.**

For example, monthly insurance and you get paid weekly, divide the monthly amount and divide it by 4 to get your weekly amount to save, so that the money is there when the payment is due.

I do this also for car registration, car warrants, my cell phone, internet etc.

By spreading the cost of several weeks it makes budgeting for them easier and you don't have to without anything when they are due.

Include or update these amounts on your list or on the calendar.

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## STEP FOUR - Create a payment sheet for each payday

By looking at your calendar you can see which payments should come out of which pay cheque. It helps you to list your income and see what payments should come from that payday.

❖ List your income amount and the date on a separate sheet/list

### **Create a list for each payday that you get that month**

If you're working with more paydays create more than one sheet. For example, if you and your spouse get paid on opposite weeks, you could have up to four or you get paid weekly on your own you will have 4 or 5 depending on the amount of paydays in that month.

Also if you get both get paid on the same day into the same account you can add your income and use just the one sheet.

❖ List your bill amounts and the date on each sheet

### **Compare the due dates of your bills to the deposit dates of yours, and determine which payday will cover each bill and write the details on that sheet.**

Look at your calendar, this will help with working out what payments come out of which pay cheque. It's usually the payday closest to, but not on or after the due date. For example you get paid on the 4<sup>th</sup> March and your insurance is due for payment on the 7<sup>th</sup>, then put that insurance on the sheet marked 4<sup>th</sup> March.

Make sense? Good!

Oh, almost forgot – if you'd rather colour code or use symbols instead of numbers to label your deposits and bills, do that! Do whatever works for you.

## STEP FIVE - Don't forget to include

How much you wish or need to spend on:

- Clothing
- Food
- Cleaning products
- School fees/uniforms/stationary
- Doctors/prescriptions
- Savings

This is totally individual – it depends on you and your family and what you need your budget to include.

Add in some fun money too. Budgets aren't meant to without some fun after all.



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## STEP SIX - Shuffle if needed

Once you have everything written down for the month you can tally up your budgeted amounts and see if your budget works or not.

What happens if the bills for one payday are more than the deposit for that half? Try either cutting back on expenses or shuffling some bills around and use money from the prior to cover a bill or two that would normally be paid with the current cheque.

For example, let's say that you receive a deposit of \$1,500.00 on March 18 and your bills for that week total \$1,700.00, that's \$200.00 more than the deposit. But, you only have \$600.00 in bills to pay from your March 25th cheque.

Simply switch a bill or two between paydays. The money to cover the switched bills will get transferred earlier, that's all. Easy fix!

Now, if your bills exceed your deposits for *both* cheques... sounds like you have some budget cuts to make!

## STEP SEVEN - Determine if you wish to have just one bill account or many account

Many banks will allow you to open an additional account online with just a few clicks, so it's a snap. You'll also probably want to **get a debit card or EFTPOS for the account/s** to make paying for things easier, up to you. Depends on your bank how to do this, but mine I managed to do it online also.

I bank with Westpac & ANZ and have opted for accounts with no fees or transaction fees. The only fee I have to pay is the debit card yearly fee, so fees are pretty low for all the transactions I do.

If you are good with money (which I am not) open another account for all your bill payments to get paid from, or you can categorise your bills into several accounts.

Categories such as car, school, medical etc., will possibly show themselves as you go through your list of expenses and you wish to have more than one bill account to keep your mini budgets separate.

For example, I have a main account where my pay cheque comes into each week and I also have a car account, medical account, food account, gift account, emergency account, debit card account and sink account. I deposit certain amounts into each account that I budget per paycheck.

This is totally up to you how many accounts that you use, but if you are a spender like me it helps to limit your access to your bill money so that you are not tempted to dip in and spend it.

If you have several accounts like I do, take the goal amount and divide it by the number of weeks till it's due to get your weekly amount (if you get paid weekly), e.g.: \$100 for car registration, you have 8 weeks till its due, save \$12.50 per week to the car account. I round up my figures.

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## STEP EIGHT - Pay those bills!

Now, you know which bill is due when, and in what amount, go and pay those bills!

There are a few options for paying:

- **Send a cheque**
- **Pay bills manually** online using a debit card or pay direct from your bank account.
- **Use or setup autopay on your bills** not all banks have this feature, check it out with them.
- **Use or setup direct debits with your providers.**
- **Set up automatic payments to pay for your bills and transferring your funds to your other accounts.** I switched almost all of my bills to autopay a few years ago. It has made life so much easier

I simply use my payday tracker worksheet to determine how much money from each payday to transfer into my bill payment account, and that's it.

Okay, that's not totally it. I **do a weekly check up to ensure that any bills that were due actually got debited out of the account, and in the right amounts.** But that's it.

## What does all this mean?

Paying your bills on time is important. Without a system to track and pay them, you're destined to fail. Using a dedicated bill payment account/s, bill payment worksheets, and reliable payment method (Preferably anything automatic) is a great system for *finally* taking control of your bills. Have a seat each payday, run through the steps above, and you'll be well on your way to paying those bills.

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## HANDY HINTS FOR YOU TO ALSO CONSIDER

### ❖ Create your budget around essentials first

Take care of your essential expenses first and foremost. These include rent/mortgage, food, utilities and transport costs. Providing food, electricity and a roof over your head is more important to your basic survival than buying that lipstick that you want.

Everyone will have different essential basics, depending on your living situation and whether you work or have children, or partner.

### ❖ Establish an Emergency Fund

An Emergency fund is important for you to maintain your plan. Should something break down, it is helpful to have some money already saved to be able pay for it.

Dave Ramsey and other financial professionals recommend that you save up to 6 months of your income, in an account that is easily accessible should the need arise.

An Emergency fund will also mean that you do not have to borrow money and have these payments further impact a tight budget. Borrowing money from financial institutions normally comes at a high price when you consider the amount of interest you may have to pay on top of the loan amount.

You can have as much in your Emergency fund as you like, \$500 is a good place to start. How much you need really depends on your lifestyle and whether you have children to take care. You do not want an emergency situation to cause a dramatic impact on your life and an Emergency fund helps with that.

You can always kick start your fund by selling unwanted goods in your – that chair or jacket that you no longer use, or with a money challenge of sorts (like the 45 week challenge below).

### ❖ Establish a buffer in your bank accounts

Deposit a buffer balance of at least \$100 or whatever you can afford. If you don't have the money, you want to add a bit into your budget till you reach your goal amount.

The buffer balance acts as a little extra money in the account in case a bill is more than expected, or you forget about a bill. **It's a buffer between the amount you've deposited to pay your bills, and the amount that's actually deducted for your bills.**

### ❖ Cut up the plastic

Credit cards are a form of borrowing money from an institution and most often you get charged a very high interest rate to borrow the money, upwards of 20% in some cases.

If you are not able to pay off the balance owing each month credit cards really work against the savvy shopper. You may find a great bargain saving \$20 or \$30, but if you do not pay off your card when the balance is due, you may soon end up paying that back to card issuer.



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## ❖ Pay off your debt as fast as you

Most debt carries interest on your payments and trying to find money to pay for your debt, can often be stressful, even causing sleepless nights.

There are two great debt payment ideas – snowball and avalanche. Snowball you pay off your smallest debt first up to your largest. Avalanche you pay off your bill with the highest interest rate down to your smallest.

Personally I prefer the later because you end up paying less in interest overall.

Each type has its merits in ways of motivation, paying off that small bill for some becomes a major achievement and you find yourself easily ticking away quite happily through your list of outstanding debts.

It may be worth considering bringing all your debts into one easy loan or debt consolidation loan. One loan simplifies your repayments and you could save on interest and admin fees. It pays to should around to get best or lowest rate possible. Then still get it paid off as soon as you can.

Paying off debt can free up that money to be spent where you need it most.

## ❖ Once you are out of debt – stay out of debt

Imagine living without debt. It just one big ginormous step backwards if you decide to get another credit card or loan. Try everything you can to stay out of debt, your life is so peaceful, trust me. I got rid of all my debt three years ago, there is no way I would go back.

Instead borrow the item, buy used or save up for big ticket items. There are ways to get what you desire or need without borrowing money if you are able to.

## ❖ Be clever with your money

People who are clever with their money tend to understand the value of their money.

Understand that even small amounts can make a difference to you long-term.

Become clever with you money management, develop good spending or saving habits and develop a good money management plan.

- ❖ If you have easy access to money on a regular basis leading to the temptation to spend it all before the next pay day, develop a new plan to stop that (leave card/money at home).
- ❖ If you are saving money put it aside after all other fixed expenses have been sorted and try not to touch it unless it is absolutely necessary.
- ❖ Try to delay spending; ask yourself 'do I really need it?' and if that doesn't work, then wait a few days to see if the urge to spend goes away.
- ❖ Recognise the difference between needs and wants. Remind yourself of the consequences if I buy this item? Who else is impacted by this purchase? Where else could this money be spent?
- ❖ Make the most of compound interest or earning interest on the interest previously earned on your savings.
- ❖ Understand the 'Leak Factor' - where small but regular spending gradually wears away substantial amounts of your money, without you even realising it (e.g. coffee or magazines).



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- ❖ Make sacrifices where you can if you wish to get somewhere with your savings or your debt you must be prepared to make some sacrifices. No takeaways, junk food or going without that great pair of jeans that you just saw. But nothing good comes from wasting money on things that are unnecessary when you want something. A sacrifice here and there will mean that you reach your goals, and trust me when I say, the feelings of reaching your goals, makes it all worth it.



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## Still undecided or not convinced?

You may be uneasy about some of this, and that's okay.

- It can be a big change!
- It takes a lot of work to set it up initially
- I'm not convinced that I really need a budget

Let's address some potential concerns.

### Do I need a bill payment account/s?

Let me tell you why I decided to separate my budgeted bill money from the rest of my money. When all my money was being deposited into one chequing account (And staying there until I saved it, spent it, or paid my bills), I had no idea, at any given time, how much money in that account was earmarked for bills, savings, or discretionary spending (Aka fun money). The solution? I pull my bill money out of my general chequing account and place it in its own account. This safeguards it against shiny object syndrome. In other words, I **isolate it so that it won't be accidentally spent on other (Shiny, pretty!) things.**

### Do I really need a debit card for my account?

Trust me, the debit card comes in handy. Some websites won't allow you to use your bank account to make payments. In fact, **most websites actually require a debit or credit card for one-time or recurring payments.**

**The debit card is also nice for bills that you still pay manually.** I have a few recurring monthly payments that my debit card works great for payments, such as insurance and cell phone. Additionally, it is useful for one-time payments, such as a dentist bill or if you wish to buy an item online.

### Are automatic payments really right for me?

In all honesty, it may not be. Everyone's different. For me, it ended up being a great choice. I used to manually pay all my bills each payday because I was obsessed with ensuring each bill was paid on time. I gave automatic payments a shot and loved it, and I haven't looked back. Relinquishing control over manually paying bills was totally worth it. I **save the stress of having to pay everything manually every time.** Plus, I've found that automatic payments are generally very reliable.

### Do I really need a budget, aren't they for poor people?

**Setting a budget is a good way to start helping you decide how you spend your money in the future.**

It is about changing the way you manage your money to see if there are any ways to spend less and increase the money you get.

**A budget will help you pay your bills on time and not run out of money.**

Without a budget you don't know where your money is going and often something will crop up that you need money for and without a budget, it may just not be there when you want it.

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## **It helps you to find the money for things that you find hard to pay for**

You know the things you don't always find easy to pay for, the car or fridge breaks down. Including the things that you would like to do more often and find hard to pay, like holidays or going to the movies, buying that dress.

## **A budget plan helps you to manage your money when something different happens in your life.**

You might move house and have to pay more or less than you were paying before, or you might get part-time work which means you have more money now.

Your budget plan will help to determine any new income or costs and you might need to set some new goals so you keep planning ahead for you and your family/whānau.

## **A budget plan help you to get out of debt.**

If you are in debt, then this is a big hurdle to getting to live the life you want.

It may be discouraging to even think about it, but if you never get started, you'll never see the light at the end of the tunnel.

Depending on how much debt you have, this could take a while, but you have to start somewhere.

Do what I do, make a plan, set your goals, visualize how great life will be when you are debt free.

Look at your plan every single day to find encouragement to keep going.

## **A budget plan helps you to set a savings goal.**

If you try to save and don't seem to have enough money to save up for that holiday etc. By adding your savings regularly into your budget, it makes it easier to manage and achieve your goal.

## **A budget plan is for everyone.**

Businesses, corporates, millionaires and billionaires all live with a budget of some kind. For some reason people seem to have the mentality that budgets are only for poor people, but that is so untrue.

If you have an income of any type, budgeting will help you to get the most of that money. Having a plan will help you to spend wisely and have a stress-free life.



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## Worksheets/Trackers

Here are a number of forms that I have created that you may find of use.

- ❖ Income & Expenses – to list your income & expenses
- ❖ Blank Calendar – to create a visual of when your income/expenses are due
- ❖ Paycheque Sheet – for each paycheck budget
- ❖ Account Tracker – to track each bank account
- ❖ Debt Tracker – to list your billing information
- ❖ Savings Tracker – to track your savings
- ❖ Monthly Expense Tracker – to track and tick off when your bills have been paid
- ❖ Financial Goal Worksheet – to work out your short, mid and long-term financial goals
- ❖ Yearly Finances – to compare each month and see if your income or expenses change
- ❖ Yearly Savings Goal Tracker – to tracking your savings goals
- ❖ 45 Week Challenge – a way to kick start your Emergency savings or use it as a way to add extra to your debt payments or other savings goals.

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# Income / Expenses

[illegible]



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MONTH: \_\_\_\_\_


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## Paycheque Sheet

Paycheque Sheet			Paycheck Date			
			Paycheck Amount			
BILLS	BUDGET	ACTUAL	SAVINGS	BUDGET	ACTUAL	
<b>BILL TOTAL</b>			<b>SAVINGS TOTAL</b>			
<b>INCOME – BILLS – SAVINGS =</b>						

Account/Sinking Fund

VERSION ONE – MARCH 2019



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## Debt tracker

I owe money to

---

Total Amount Owed

---

Amount to pay each paycheck

---

I expect to reach my goal by

---

Date	Amount Paid	Goal Met/ Paid	Notes for next week



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## Savings Tracker

I am saving for \_\_\_\_\_

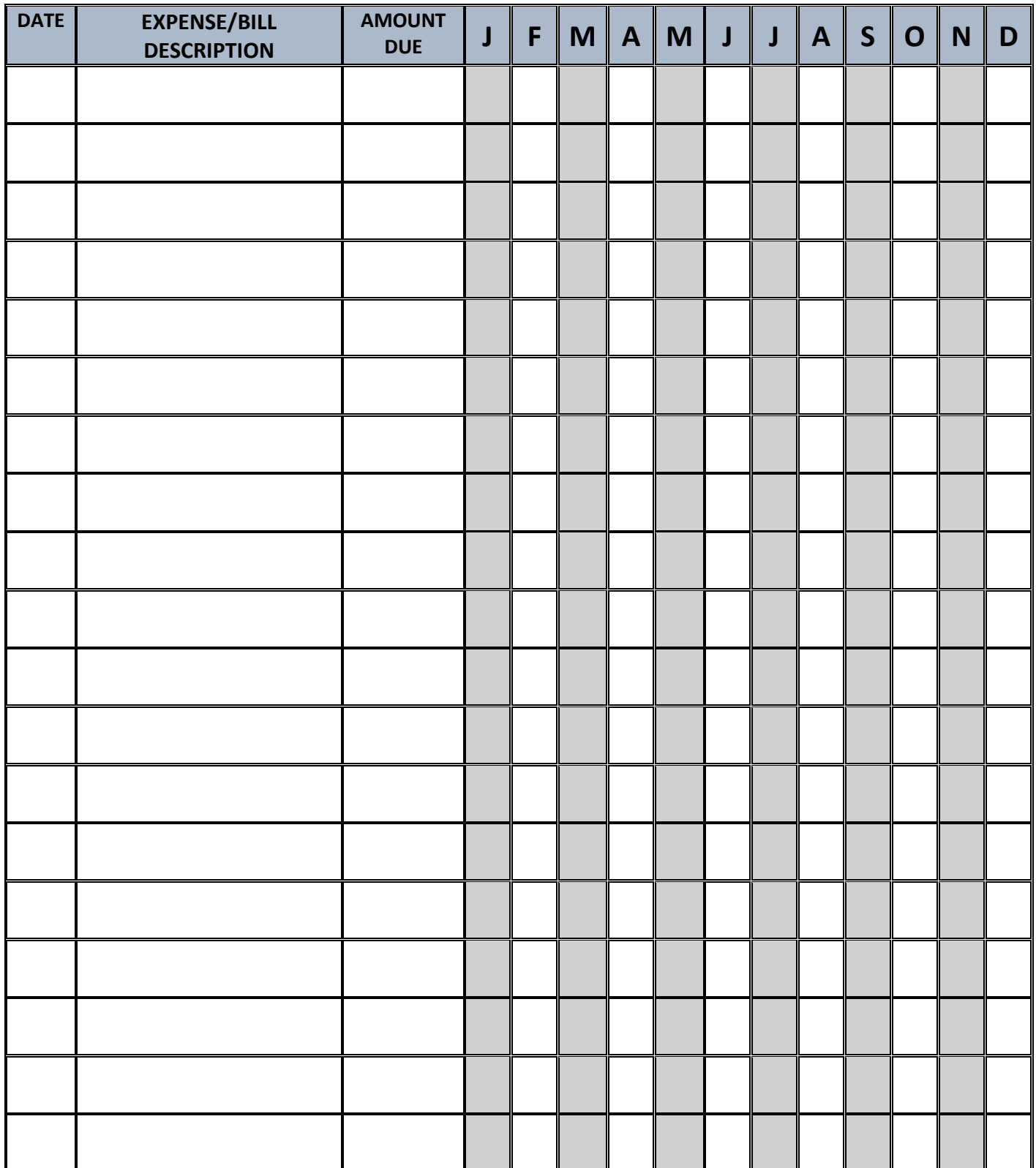
Total Amount Needed \_\_\_\_\_

Amount to save each paycheck \_\_\_\_\_

I expect to reach my goal by \_\_\_\_\_

Date	Amount Saved	Goal Met/ Saved	Notes for next week

# Monthly Expense Tracker







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## Financial Goal Worksheet

### SHORT TERM GOALS – Within One Year

GOAL DESCRIPTION	ESTIMATED COST	TARGET DATE

### MID TERM GOALS – Within Five Year

GOAL DESCRIPTION	ESTIMATED COST	TARGET DATE

### LONG TERM GOALS – Within Ten to Fifteen Year

GOAL DESCRIPTION	ESTIMATED COST	TARGET DATE

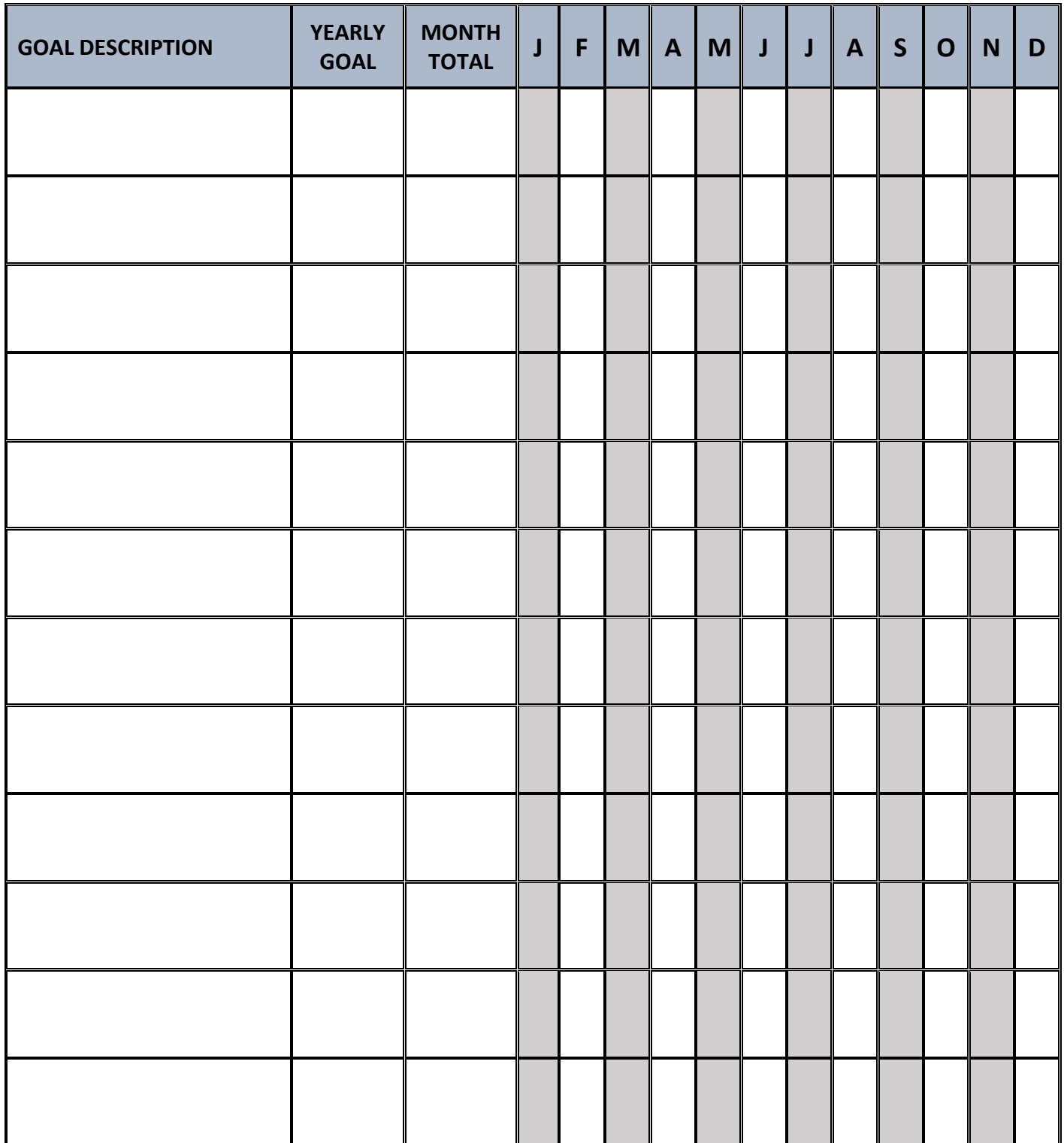


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## Yearly Finances

MONTH	INCOME	EXPENSES	BALANCE
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
<b>TOTAL</b>			

# Yearly Savings Goal Tracker





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## 45 Week Money Savings Challenge

WEEK 1 \$1	WEEK 2 \$2	WEEK 3 \$3	WEEK 4 \$4	WEEK 5 \$20
WEEK 6 \$5	WEEK 7 \$6	WEEK 8 \$7	WEEK 9 \$8	WEEK 10 \$20
WEEK 11 \$9	WEEK 12 \$10	WEEK 13 \$11	WEEK 14 \$12	WEEK 15 \$20
WEEK 16 \$1	WEEK 17 \$2	WEEK 18 \$3	WEEK 19 \$4	WEEK 20 \$20
WEEK 21 \$5	WEEK 22 \$6	WEEK 23 \$7	WEEK 24 \$8	WEEK 25 \$20
WEEK 26 \$9	WEEK 27 \$10	WEEK 28 \$11	WEEK 29 \$12	WEEK 30 \$20
WEEK 31 \$1	WEEK 32 \$2	WEEK 33 \$3	WEEK 34 \$4	WEEK 35 \$20
WEEK 36 \$5	WEEK 37 \$6	WEEK 38 \$7	WEEK 39 \$8	WEEK 40 \$20
WEEK 41 \$9	WEEK 42 \$10	WEEK 43 \$11	WEEK 44 \$12	WEEK 45 \$20