

# Better Budgeting for 2025.

**Some people are passionate about budgeting, while others find tracking expenses quite overwhelming. Having a clear plan can enhance your financial wellbeing. Where do we start?**

## Understand your financial situation

Track your spending, categorise your expenses, and get insights into your financial habits.

- Review your bank statements (either printed or in an Excel file).
- Highlight all sources of income (salary, side hustles, investments, etc.) in yellow.
- Review all your expenses over a 2–3-month period. Use three different colors to highlight them and conduct a quick audit.
  - **Green** for expenses that cannot be avoided (eg mortgage repayments, rent, etc.) as well as for expenses related to subscriptions you use regularly.
  - **Orange** for expenses where a cheaper option may be available, e.g., electricity bills (you could switch to a cheaper contract after a year).
  - **Red** for discretionary expenses that are unnecessary, where the money could be better allocated (e.g., unused gym memberships, or impulses pending)





## Change your mindset on money and budgeting

Changing your attitude towards budgeting can transform your financial habits. Consider viewing budgeting as a tool for freedom, not restriction, and align it with your goals. By viewing money as a tool to shape the life you desire, you can develop healthier financial habits and achieve lasting success.

## Take control of your debt

Debt can pile up quickly and feel overwhelming. Start by prioritising high-interest debts, such as credit cards, to minimise the amount you pay over time. Consider exploring overdraft options with your bank, which often offer lower fees than credit cards. When spending, using cash can help you stay within your budget and avoid overspending.

## Set realistic goals

Define a monthly spending limit and determine how much you can save based on the average expenses from previous months, incorporating the non-negotiable green expenses, looking for better deals for those highlighted in orange and eliminating the expenses highlighted in red.

## Use the 50/30/20 Rule

Treat savings as a fixed expense and consider the “pay yourself first” strategy where savings are deducted before other expenses.

This may involve opening multiple bank accounts to organise your finances for regular bills, rainy day savings, long-term savings and pension planning for the future.

Life changes, and so does your budget. Regularly review your finances, track your goals, and adjust as needed to gain control and confidence in achieving financial wellbeing. You can do it!

