

# Quick Guide to Managing Your Money

*Essential steps to saving, spending, borrowing and budgeting to achieve your money goals and live well!*



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# Introduction

Money is the most basic and common tool that we all use on a day-to-day basis. We use to to buy goods and services, get paid for the work we do and invest in a pension for our future financial well-being.

But for many people, money is still mysterious. For example, many Irish adults struggle to understand essential money information, like how much credit really costs, or how tax-relief really works and how to set and achieve important money goals.

In this simple guide, we examine the steps anyone can take to build manage their money, save smart and spend wisely so they can be better prepared for life events and protect financial well-being.

Effective budgeting is the cornerstone to building financial resilience that will underpin our financial well-being.

Good luck!

Frank Conway

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# Guide to earning, spending, saving, investing and budgeting your money

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*Putting a spotlight on how to keep more money for you!*

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## Setting a money plan

# Where will your money journey take you?

Personal budgeting and money management is a journey, a journey you take with your money. And like any journey, it is important you set out what the destination is.

With budgeting and money management, you will need to stop and write down what your MONEY GOAL is. Without this, building the motivation to actually do the work to become an effective money manager will be so much more difficult.

### Goal setting

List out your SHORT-TERM, MEDIUM-TERM and LONG-TERM goal. If you have more than one in any category, write it down.

### Examples of money goals

1. **Short-term.** Duration to achieve: 1 - 3 months. Example: Buy a new laptop, cost €500 with savings.
2. **Medium-term.** Duration to achieve: 3 - 12 months. Example: Pay for a holiday, cost 2,000 with savings.
3. **Long-term.** Duration to achieve, 1 - 5 years (or more). Example: save for a first home deposit.

List your goals:

Short-term: \_\_\_\_\_

Medium-term: \_\_\_\_\_

Long-term: \_\_\_\_\_

## Where are you

**now?** Income is that vital part of your money plans. But income alone is not the solution to achieving your money plans....how you manage that income it. So, at this point, it is important to take stock.

A vital first step is to write out how much money you receive from pay after essential taxes (PRSI, USC, Income tax etc) are deducted.

Second, you will need to identify all of your expenses. Here, you need to be completely informed and in some cases, honest with what you record.

Details matter

### 1. Income

For most people, this is your income received from your work, whether it is a salaried position or you are paid as a contractor or by day. What you get to take home is the figure that drives your spending. If you are budgeting jointly, spouse, partner, include their income also.

With PAYE modernisation, remember to avail of any tax credits you are entitled to. A full list of possible tax credits is available at [Revenue.ie](http://Revenue.ie).

If you have the option to Rent-a-Room, earn income from non-employment etc (interest, investment etc), include that also. Don't forget to claim back on medical expenses, Revenue allow you up to 4 years worth of allowable expenses.

**Tip** - *as you track your money coming in and going out, don't just record it, question it! Ask if you can work the figures in your favour.*

## Where are you now?

### Expenses

- For the expenses section of your budgeting plan, you will have two main areas to focus on. first are **PRIORITY** expenses and the other expenses. For example, a mortgage and other credit agreements as well as vital insurance / protection policies must be paid for first.
- A mortgage is essential for home-ownership but it is also a debt that is reported to both the **Irish Credit Bureau** and **Central Credit Register** so in addition to its role in providing home, failure to pay it on time each month can result in an "impaired" personal credit report.
- Life protection, car insurance and other essential insurance payments are also key to short-term and long-term financial well-being.
- Saving for a child's future education.
- Saving into a work pension.
- Fuel costs for home and work travel.

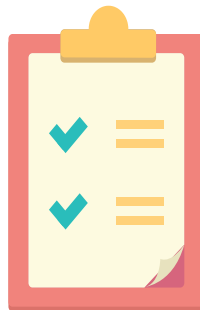


## Where are you now?

### Expenses (cont'd)

**Tip - If you don't have all of the numbers off hand, try this:**

- Collect receipts for all day-to-day spending for 3 month.
- Gather your current account statements
- Gather your last 3 months of credit card statements
- Go to your MyAccount on Revenue.ie or pull out your last 3 months of payslips to review your income.

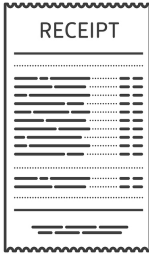


The reason the 3-month period of time is important is that it should capture ongoing expenses and random ones that you'll need to manage your money better.



# Setting the Scene - Your vital money information

1



**3 X Months Receipts** - if you really want to meet your money goal, receipts will deliver the spending detail that you require.

2



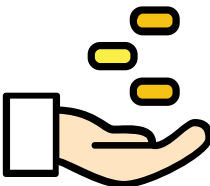
**3 X Current Account Statements** - here you can view all of the transactions, including any pay that is deposited and direct debits, withdrawal etc. It is a very powerful source of information.

3



**3 X Credit Card Statements** - Credit card statements provide access to any online or other purchases you have made recently.

4



**3 X Income / Pay information** - You will see any net pay reflected in your current account but your payslip will provide the GROSS earning information, including tax credit applied.



**Budgeting Buddy** - this is a simple income and expenditure that is designed to help you track your money coming in (income) and money going out (expenditure).

1. Income,
2. Housing payments,
3. Priority payments,
4. Regular payments,
5. Other payments,
6. Summary (Surplus / deficit).

Each section is presented  
in the following pages

Step 1 Income	Income / monthly	Step 4 Costs - Regular	Expenses / monthly
Wages or salary (after net deductions)		Food & Drink / Housekeeping	
Partner's wages or salary (net)		Newspapers and magazines	
Type or commission		Taxes & Fines	
Other earnings net		Car Tax	
Maintenance/Child support		Auto or Diesel	
Own/partner's pension		Car Insurance	
Social welfare		Car Repair and maintenance	
Benefits / Lodges		Children (including pocket money)	
Other income		School meals	
Other income		Pet expenses (vet, pet food)	
<b>Total Income</b>	* _____ (Box 1)	Cigarettes	
		Clothes & Shoes	
<b>Step 2 COSTS - Housing</b>	Outgoings / monthly	Household items	
Mortgage payments		Health costs (insurance)	
Rent		Back to school costs	
Top up / other secured loans		Other	
Local Property Tax		<b>Total Regular Costs</b>	* _____ (Box 4)
Service or water charges			
Building / home & contents cover		<b>Step 5 Other Expenses</b>	Other expenses / monthly
Life protection cover		Charities	
Gas		Entertainment / Eating Out	
Electricity		Savings / Emergency fund	
Other fuel costs		Health costs, courses, professional fees	
Waste charges		Gifts (Christmas, Christmas)	
Insurance		Priority debts / utilities	
Other		Rent arrears	
Other		Mortgage arrears	
<b>Total Housing Costs</b>	* _____ (Box 3)	Electricity arrears	
		Fuel / heating arrears	
		Other	
		Other	
<b>Step 3 COSTS - Priority Payments</b>	Outgoings / monthly	<b>Total Other Costs</b>	* _____ (Box 5)
Telephone (including mobiles)			
Maintenance Payments		<b>Step 6 SUMMARY</b>	
Court Fines		Total Income (Box 1)	
Pension Payments		Housing costs (Box 2)	
Hire Purchase		Priority (Box 3)	
TV Licenses		Everyday expenditure (Box 4)	
Standard / credit		Other Expenditure (Box 5)	
Installment Orders			
Other		Total Outgoings (Add Boxes 2, 3, 4, 5)	* _____ (Box 6)
Other		Mortgage Net Disposable Income (Subtract Box 6 from Box 1)	
<b>Total Priority Pmts</b>	* _____ (Box 7)		

Use the following pages to track your income and expenses or download a monthly worksheet from **[www.moneywhizz.org](http://www.moneywhizz.org)**.

You can measure how you perform on Page 19

# Budgeting Buddy

## Personal Budgeting Planner

Use the personal budgeting planner to track your income and expenses. You can download a FREE copy at [www.moneywhizz.org](http://www.moneywhizz.org)

**1** **Income** - in this section, users should factor in income from work and other possible income sources

Step 1 Income	€Income / monthly
Wages or salary (after net deductions)	
Partner's wages or salary (net)	
Tips or commission	
Other earnings net	
Maintenance/Child support	
Own/partners pension	
Social welfare	
Boarders / Lodgers	
Other income	
Other income	
<b>Total Income</b>	€ _____ (Box 1)

Download a monthly worksheet from  
**[www.moneywhizz.org](http://www.moneywhizz.org)**.

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Step 2 COSTS - Housing	€ Outgoings / monthly
Mortgage payment	
Rent	
Top up / other secured loans	
Local Property Tax	
Service or water charges	
Building / home & contents cover	
Life protection cover	
Gas	
Electricity	
Other fuel costs	
Waste charges	
Insurance	
Other	
Other	
<b>Total Housing Costs</b>	€ _____ (Box 2)

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<b>Step 3</b> <b>COSTS - Priority Payments</b>	<b>€ Outgoings / monthly</b>
Telephone (including mobiles)	
Maintenance Payments	
Court Fines	
Pension Payments	
Hire Purchase	
TV License	
Broadband / cable	
Instalment Orders	
Other	
Other	
<b>Total Priority Pmts</b>	€ _____ (Box 3)

Download a monthly worksheet from  
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### Personal Budgeting Planner

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<b>Step 4 COSTS - Regular</b>	<b>€ Expenses / monthly</b>
Food & Drink / Housekeeping	
Newspapers and magazines	
Travel & Fares	
Car Tax	
Petrol or Diesel	
Car Insurance	
Car Repair and maintenance	
Childcare (including pocket money)	
School meals	
Pet expense (vet, pet food)	
Cigarettes	
Clothes & Shoes	
Household items	
Health costs (Insurance)	
Back to school costs	
Other	
<b>Total Regular Costs</b>	€ _____ (Box 4)

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# Budgeting Buddy

## Personal Budgeting Planner

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Step 5 Other Expenses	€ Other expenses / monthly
Charities	
Entertainment / Eating Out	
Savings / Emergency fund	
Health club, courses, professional fees	
Gifts (birthdays, Christmas)	
Priority debts/ liabilities	
Rent arrears	
Mortgage arrears	
Electricity arrears	
Fuel / heating arrears	
Other	
Other	
Total Other Costs	€ _____ (Box 5)

Download a monthly worksheet from [www.moneywhizz.org](http://www.moneywhizz.org).

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# Budgeting Buddy

## Personal Budgeting Planner

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You can measure how you perform on Page 19

Step 6 SUMMARY	
Total income (Box1)	
Housing costs (Box 2)	
Priority (Box 3)	
Everyday expenditure (Box 4)	
Other Expenditure (Box 5)	
Total Outgoings (Add Boxes 2, 3, 4, 5)	€ (Box 6)
Monthly Net Disposable Income (Subtract box 6 from Box 1)	



## Using your budgeting information

Having worked your way through the Budgeting Buddy, you will have one of three possible outcomes:

1. You have a surplus.
2. You use all your money and have nothing left over.
3. You have a negative amount (this means that you have not recorded all of your information correctly or you are spending beyond your current means).



## If you have a surplus

If you have a surplus, consider some ways of putting that surplus to use. Remember, we explored the four core pillars to building financial security:

1. **Build a 'rainy day' fund** - start small and try work towards having a fund of €500, €1,000 and see if you can get to a fund of €2,000 - €3,000.
2. **Homeownership** - if you plan to buy a home, there are strict deposit requirements. If you already are a homeowner with a mortgage, over-payment will reduce the total cost of interest. Check with your mortgage lender first.
3. **Protect** - here we are referring specifically to home insurance, Life (and mortgage) protection, Income protection (where necessary), Serious Illness. The level of protection will depend on your personal situation. Talk to a qualified financial adviser first.
4. **Post-retirement** - there are some great options to save for that time in your life when you will no longer be working. But the real magic is that the State and often employers pay too so take advantage of a great deal!



## What if you have a deficit

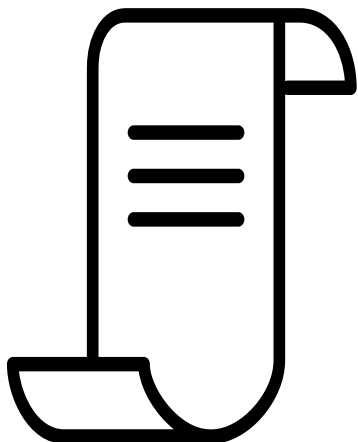
If you find that having worked through your budget in detail you are in a deficit (you spend more than you earn), you should:

**1. Recheck your numbers** - maybe you missed some items, double-counted what you have recorded and go through the process again.

**2. Look for ways to balance your budget** - ask yourself if there is any income or tax-relief credits that you can avail of . On the spending side, we list some options available to review and reduce costs.



### Using receipts to create visibility and highlight spending:



**1. Check your receipts against what you have recorded for expenses, especially REGULAR and OTHER expenses.** For example, if you order in or eat out, have you accounted for this accurately? If not, this is where your receipts provide the level of detail you require.

**2. Debit card / current account** - also provide a wealth of up-to-date spending information as do credit card statements - use them!

## Ways to boost income

Regardless of whether one is employed in PAYE employment or self-employed (or a mix of both), there are a range of tax credits and reliefs in place that can reduce the total cost of tax. Some of those include:

**Rent-a-room relief.** This option is available for select room rental income.

**Medical expenses relief**

**Education expenses relief**

**Home carer relief.**

For a full list of reliefs, you can find out more at **Revenue** or **Citizens Information**.



## First steps to control costs

### Keeping an eye in it!



Because there are so many ways to spend, it can be a challenge for many people to readily recall what they pay for a variety of expenses, regardless of whether those are major costs, such as a mortgage, car insurance, home insurance, health insurance or for Life or Serious Illness protection.

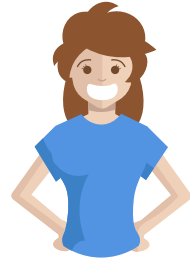
**But, there are some essential rules to spending:**

- 1. Make spending visible** - by knowing what you spend, you are empowered to act.
- 2. Master the detail** - this applies on protection policies and even day-to-day spending habits. Remember the saying, *The devil is in the detail*, when it comes to your money plans, details are key to achieving them!

## Points to remember

Personal Budgeting is a powerful means of keeping your household finances on track and building financial security, including:

- Building a rainy-day fund
- Buying a home
- Protecting you, and your family
- Saving for your retirement



## Other critical factors

Personal Budgeting goes beyond the immediate foundation of building financial security, here are some other points to consider:

Your **personal credit profile** - budgeting helps you stay in control of your spending, saving, borrowing and planning.

A poor credit profile can restrict your access to loans, including a mortgage. It can also access to certain employment (in finance).

Finally, managing your money is the foundation to **financial well-being** in the present and in the future. For example, it is important to save for retirement if one wishes to protect the standard of living they enjoy today.



# 8 steps to setting and achieving your money goals

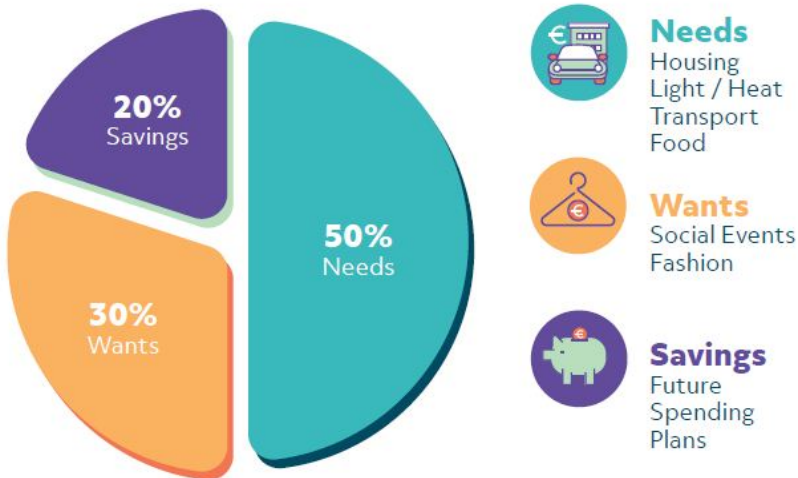


1. **Set your money goal** - this is the critical first step to your money journey.
2. **Live within your means** - use Budgeting Buddy to stay on track.
3. **Increase your financial knowledge** - familiarise yourself with tax-relief options available to you.
4. **Start early** - this will provide you with a financial cushion if life events cause a drop in income or an increase in expenses.
5. **Save on auto-pilot** - a mortgage is one, saving into a pension is another.
6. **Learn and adjust** - learn the detail of any protection policies you have (Life, Serious Illness, Death-in-Service, Health), learn the detail of what you spend your money on each month and if you can, look for ways to reduce costs without reducing benefits and quality of life. Tip: Use the comparison and informational services provided at the end of this guide.
7. **Avoid minimalism** - for example, if you feel you plan to save a certain amount of money in a specific period of time, plan for life events happening along the way. So, either over-save in the early days or allow more time to reach your goal.
8. **Stick to the plan** - even if events appear to not be going to plan. A plan that is reasonable WILL be achievable...it might just take more time.

# A simple money rule for spending and saving

## Spending & Saving for Life

### 50:30:20 rule explained



### How do you compare?

Using the information from your own **Budgeting Buddy** exercise, can you list how much you spend per month on:

1. Life NEEDS \_\_\_\_\_

2. Life WANTS \_\_\_\_\_

3. SAVING (including any money you save into your pension).  
\_\_\_\_\_

## Important Services

**Citizens Information** - The Citizens Information Board is the statutory body which supports the provision of information, advice and advocacy on a broad range of public and social services. It provides the Citizens Information website, [citizensinformation.ie](http://citizensinformation.ie), and supports the voluntary network of Citizens Information Centres and the Citizens Information Phone Service 0761 07 4000. It also funds and supports the Money Advice and Budgeting Service (MABS), 0761 07 2000 and the National Advocacy Service for People with Disabilities.

**Competition and Consumer Protection Commission** - The Competition and Consumer Protection Commission (CCPC) is an independent statutory body with a dual mandate to enforce competition and consumer protection law in Ireland. The CCPC can be visited online at [www.ccpc.ie](http://www.ccpc.ie) or by phone on its Helpline Lo-call: **1890 432 432** | Helpline National: **01 402 5555**

**Revenue** - [www.revenue.ie](http://www.revenue.ie).

**Insolvency Service of Ireland** - The Insolvency Service of Ireland (ISI) is an independent statutory body with the objective of restoring insolvent persons to solvency.

**MoneyWhizz** - independent financial education in schools and leading employers. [www.moneywhizz.org](http://www.moneywhizz.org)

## Notes

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MoneyWhizz develops and promotes independent financial education in schools, colleges and at leading employers. To learn more, visit:

[www.moneywhizz.org](http://www.moneywhizz.org)  
[info@moneywhizz.org](mailto:info@moneywhizz.org)