Family budget

· ASUFIN: FINANCIAL DEBT ADVICE ·

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One of the keys for healthy finances is to have a family budget. With this we can be aware of how much we earn, how much we spend, what we spend it on and how much we end up saving.

How to plan a family budget?

Stp 01.

The first step is to sort our income and **expenses on a timescale**:

Monthly

It allows us to view and plan the income and expenses that occurevery month. If your main source of income is from a salary, pension or other subsidies, and from this cover the expenses for the period. Essential monthly expenses are usually the expenditure on housing (rent or mortgage).

Annually

This allows us to have a global image, as well reminding us of those one-time expenses or income. A one-time expense, for example, could be the annual payment of a car or home insurance. A one-off income could be the profit obtained by the sale of a second-hand item that we no longer use.

Step 02.

Collect all information relative to expenses. We can deal with expenses in different ways: paying with cash, by card (debit or credit), carrying out operations through applications such as Bizum, with financing or direct debit, among others.

It is important to keep **track of all of them**, know the amount due each month and classify them:

Regular required expenses: expenses that are generated on a regular basis, which we know their amount, they cannot be reduced or it is very difficult to do so, in many cases they require previous expenses, such as a mortgage or rent.

Variable required expenses: this category includes all the required expenses that we face such as supplies, food, clothing, etc., but whose amount is not fixed each month. These are those that can not be eliminated, but they do allow adjustments of greater or lesser importance, which can reduce their amount.

Exceptional or one-time expenses: incurred at a certain time. For example, home or car insurance.

Non-required expenses: all those expenses that at a given time of financial hardship can be eliminated or postponed, mainly those related to leisure.

Step 03.

Classify and record income

Recurring non-financial income:
Known income, mainly salary, pensions, collections generated by freelancers or other subsidies. These are stable entries, especially for wage earners, which are distributed throughout the year. Rental income would be included in this category.

Non-recurring non-financial income:
Extraordinary income, such as the sale of an item, or a bonus at work.

Financial income:
Derived from the returns of an investment or savings product.

Paso 04.

Finally, we recommend reporting everything in an Excel sheet. Download the template we have prepared.

SAVINGS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Previous month's balance													
TYPES OF INCOME	**JAN**	**FEB**	**MAR**	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEP**	**OCT**	**NOV**	**DEC**	**TOTAL**
Recurring non-financial income													
Non-recurring non-financial income													
Financial income													
TOTAL INCOME													
EXPENSES	**JAN**	**FEB**	**MAR**	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEP**	**OCT**	**NOV**	**DEC**	**TOTAL**
Regular required expenses													
Variable required expenses													
Exceptional or one-off expenses													
Non-required expenses													
TOTAL EXPENSES													
BALANCE													

DOWLOAD TEMPLATE

We already have a budget, and now what do we do?

One of the keys for healthy finances is to have a family budget. With this we can be aware of how much we earn, how much we spend, what we spend it on and how much we end up saving.

1. Surplus or saving

When income is greater than expenses.

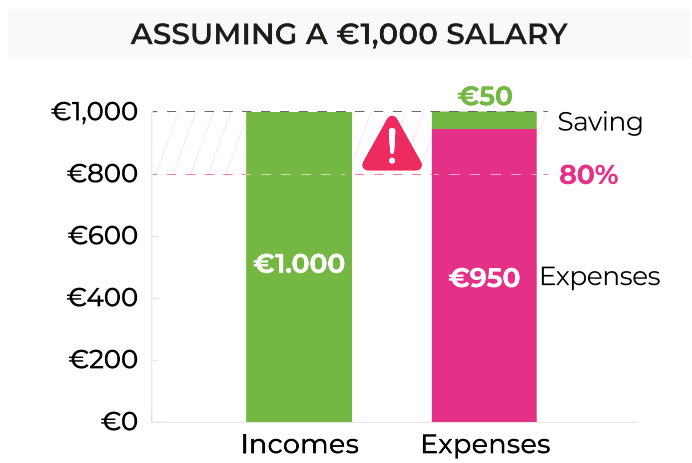
2. Balance

When the income is equal to the expenses. Debts are dealt with, but without the chance to save.

3. Imbalance

When income is not enough to pay off debts.

Depending on the assumption of our family economy, we can make some adjustments to improve the family's financial health.



If your expenses are 80% or more of your income, **watch out!**

Tips for adjusting your budget:

1. Always start with the category of **non-required expenses.**

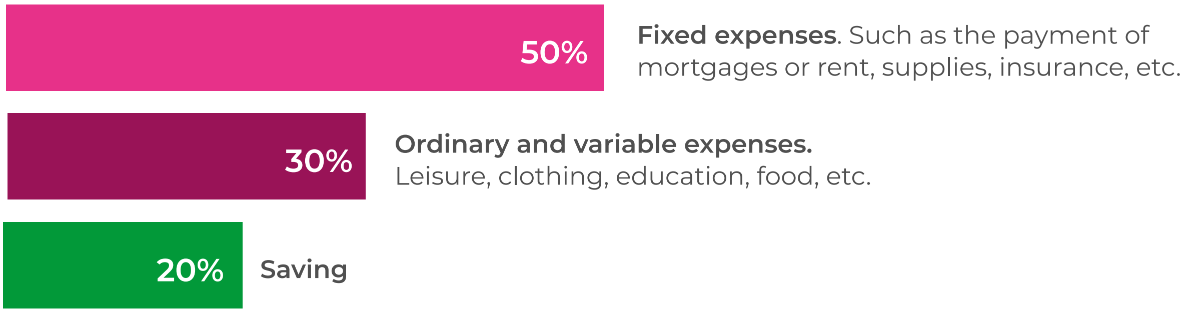
2. Next, analyze if we can improve on those **variable required expenses** such as services, food or clothing. In this case, the goal is to reduce them.

3. Then analyze if we have the possibility of improving some of **the required fixed expenses**. For example, the mortgage.

4. Avoid using financing to reduce expenses, **avoid debt reunifications**, because in the long run the interest paid is higher.

5. **Consider possible future expenses**, especially those larger amounts, since they can condition the ability to pay for basic expenses, for example, holidays must be budgeted.

The objective is to reach a balanced budget, month by month, that fits the recommendations agreed by the experts, which determine our income to be allocated as follows:



These percentages can obviously vary according to the specific circumstances of each family unit. For example, it may be the case that the house is paid off and no longer has any financial burden, so fixed expenses are lower and this allows allocating a higher percentage to savings.

Of course, it is convenient that this 20% is respected as much as possible to avoid financial tension and over-indebtedness.

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Let’s talk!

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