



Changing money habits for good

Is sticking to a budget the money magic wand that can sort out your finances, once and for all? Discover what budgeting can and can't do for you and how to turn new budget habits into positive lifestyle changes.

What's a budget for?

Knowing how to budget is one thing, but what is the real point of a budget and how can it actually help you change your behaviour and get a fresh financial outlook on life. In the simplest possible terms, the purpose of a budget is to move money from one spending category to another. Instead of shelling out \$50 for lunch at work every week, you put the money towards a weekly date night with your partner. Or you cut back on your grocery bill to give yourself more to save towards a deposit for your first home.

What a budget isn't, is an overnight transformation from money worries to wealth and peace of mind, particularly if you have debts to pay off. It's more a 'fake it until you make it' way of redefining how you naturally behave with money.

Learn along the way

At first glance, a budget can seem too transactional to be a tool for behavioural change. You set yourself some targets for spending less here, saving more there and do your level best to stick to them. To many of us, this can feel like a test we're never going to pass with flying colours. There's always going to be some reason to blow up the best budget intentions. It could be a surprise bill for car or home repairs, or a moment of weakness when your favourite label has a sale. Before you know it, spending in the household or clothes category has gone way over and you feel like a failure.

But before you throw in the towel, it's really important to realise that learning from your budget failures is the key to actually changing your lifestyle and finances in some important ways. Missing a budget category target gives you the perfect opportunity to consider what got you off track. Was it buying something on sale for your wardrobe that you really could have done without? If this is the case, you can acknowledge that opportunistic spending is a problem for you and come up with ways to resist temptation or avoid it altogether. If it's the unexpected bill that threw you off, this is a great reminder of the reason for having an emergency fund to dip into. With a decent savings buffer up your sleeve, you can deal with the occasional surprise in your budget without it having an impact on other spending.

Positive pay-offs

Without those budget targets in front of you, these moments come and go. Your debts grow or your savings shrink but nothing really changes in how you think or behave about money. When you have a budget to follow, on the other hand, spending more than you planned to can trigger thoughts and conversations about the positive priorities in your life. What are you working towards? What will help you sleep better at night and reduce your stress? Is it worth doing things differently next time so you can meet your targets and get a step closer to your goal - whether that's to be debt-free, travel the world, buy a home or pay for your kids' education.

From rigid to routine

This really highlights how your commitment to a budget is something you need to keep making, week after week, month after month. When you feel like you've failed, it's definitely not a reason to give up on yourself and your journey towards better money management. Instead, see it as a prompt to change your financial behavior, one routine at a time.

This is the goal of a good budget - to push you to change spending habits a little at a time. When you overshoot your target, you make adjustments to your normal routine so you can hit the bulls eye next time. And although it won't make you rich overnight, it will make you question and change behavior that has you spending your entire income each month. Before you know it, having money leftover each month will become your new normal. As well as giving you more choice in how you spend that extra money in the future, you're also getting peace of mind and less stress about money, here and now.

Source: *FPA Money and Life*, May 2019

Everyone's personal situation is different, so give Shaun or Vicky a call at Evans Edwards Financial Advisors | Wealth Creators on 4927 4588 if you would like to talk about your particular focus for your own life stage.

We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.



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