

Determine which spending habits need to change.

Using the list of expenses you created in STEP 2, and the journal you kept where you recorded all your spending for one month, identify any unnecessary expenses. Remember, the more of these unnecessary expenses you can cut, the closer it will take you to achieving your goals.

Deciding which expenses to cut or reduce can be a difficult exercise, but a simple way to get you started is to go through your expenses and classify them and highlight them as follows:



Now start by eliminating all luxury expenses and see how much you will now have available for your goals. If the amount is still not enough to help you achieve your goals within a realistic timeframe, then you need to determine where you can reduce your non-essential expenses. For example, can you take out a cheaper cell phone contract?

Use the table below to list all your new totals. This will also indicate how much you have available at the end of every month (the 'difference') to allocate to extra debt repayments or savings.

MONTHLY TOTALS			
Income	Amended Expenditure	Debt Repayments	Difference
R	R	R	R

Continue reworking your budget until your income is greater than your expenses and debt, and until you have enough left over to start paying off your debts or start saving.

In this block, add up all your monthly debt payments and write down how much you currently pay every month to your credit providers.

TOTAL MONTHLY DEBT PAYMENTS	R
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ACCOUNTS/CREDITORS			
INCOME	EXPENDITURE	DEBT REPAYMENTS	DIFFERENCE
R	R	R	R