

Module 4: Personal Finance & Budgeting

Learn to Manage Your Money Effectively

What is Budgeting?

A budget is a plan for your money. It helps you track income (money coming in) and expenses (money going out) so you can save for goals and avoid running out of money.

The 50/30/20 Rule

A simple budgeting method for beginners: 50% for NEEDS (essential expenses like food, transport, phone bill), 30% for WANTS (non-essential like entertainment, eating out, hobbies), and 20% for SAVINGS (emergency fund, saving for goals).

5 Steps to Create Your Budget

1. Calculate your income: Add up all money you receive (wages, allowances, gifts)
2. List your expenses: Write down everything you spend money on
3. Categorize spending: Separate needs from wants
4. Set savings goals: Decide how much to save each week/month
5. Track and adjust: Monitor your spending and adjust as needed

Smart Money Habits

- Pay yourself first: Put money into savings before spending
- Track your spending: Use an app or write down purchases
- Avoid impulse buying: Wait 24 hours before non-essential purchases
- Understand needs vs wants: Ask 'Do I need this or just want it?'
- Set financial goals: Short-term (phone) and long-term (car, education)
- Use fee-free accounts: Many banks offer free accounts for young people

Useful Resources

Moneysmart: www.moneysmart.gov.au

Budget Planner: www.moneysmart.gov.au/budgeting/budget-planner

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