



## Three reasons why fun should be in your budget

It's fair to say that most of us aren't crazy about budgeting. Even with the latest budgeting apps that aim to make this common sense habit into something easy and fun, the thought of keeping tabs on what we're spending from month-to-month fills many people with boredom or anxiety.

In their Know your Numbers survey results from February 2018, UBank revealed that 86% of Australians don't know their monthly expenses and only 28% actively use financial management/budgeting tools. The survey also found that being in the dark about your spending can be a big source of stress, with 59% of Australians saying their current financial situation causes them stress or loss of sleep.

### Taking it back to basics

When finances are this much of a worry, what does it take to face up to things and take control? One way is to put the fun back into budgeting by taking a step back in time.

Remember when you were young and had pocket money? Maybe you spent the lot every week on lollies or saved it up for a favourite toy. With Mum and Dad picking up the bill for clothes, food and other essentials, pocket money was there to spend on whatever you wanted, guilt-free

It feels great to know you can treat yourself to something without any concern about the impact on your finances. Thanks to credit cards and Buy Now Pay Later, it's still easy to buy something just because you feel like it. But when you're borrowing to buy, it's not such a carefree experience. In fact, it's a purchase you might regret if the cost of servicing debts makes it harder to just keep up with essential expenses.

## Why fun should be in your budget

So instead of spending in an ad hoc way when the urge to splurge strikes, it's well worth trying. By making fun money an essential ingredient in your budget and cash flow formula, you'll be giving yourself a much more positive reason to keep an eye on money going in and coming out, and this is important for three key reasons:

### 1. It makes your budget real and achievable

The problem with most budgets is that they start with what you need to pay for. Rent, electricity, travel passes are all important for day-to-day living, but generally aren't things to get excited about. So instead of basing your budget on needs, make a list of your wants and what they cost first. If the holiday of a lifetime is at the centre of your budget, doesn't that give you a much greater incentive to be in control of your money?

With money in your budget dedicated to these future plans, you'll have a good reason to bring more discipline to daily spending. But we're only human, and it can be hard to wait for weeks on end to reap the rewards of self-control. By including a provision in your budget for some 'pocket-money' you can use to spoil yourself every month or so, you won't have to feel like fun is always just out of reach. This kind of fun money in your budget is like the icing on the cake. It gives you that sweetener to keep you on track with your whole budgeting effort.

### 2. It makes the fun money count

This monthly splurge budget doesn't have to be much. \$100 may be all you need to spoil yourself a little and perhaps that's all you can afford right now with your other day-to-day commitments and bigger fun goals to save for. But it's an amount you should stick to. If you don't put it towards something worth enjoying, you can be sure it will get spent anyway. And this can teach you an important lesson about why a budget works wonders for lifestyle goals, large and small. If you don't take control of where your money goes, you're very likely to spend it anyway and have little to show for it

### 3. It gives you permission to spend - but not too much

Knowing that your fun money is finite can help you think more carefully about each spending choice. Keeping your monthly limit in mind when shopping or out with friends can remind you to put the brakes on spending when you're at risk of getting carried away. Giving yourself permission for a couple of small splurges or one bigger one can feel more like a real treat when you know it's money you can genuinely afford.

Source: *FPA Money and Life*

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