

Guide to your iFamily Budget Management

Necessity vs Luxury

There is always talk about your income vs your expenditure, how much money you are spending and what you are spending it on. This article will focus on the other main financial conflict which is necessity vs luxury. A lot of people struggle to budget because they find it difficult to place certain items into these two categories.

Deciding what items of expenditure are necessity and which are luxury may seem to be one of the hardest parts of budgeting however, with the right guidance and support, you will be able to manage this practice with the correct level of self-discipline and ability to prioritise successfully and ultimately avoid overspending and potential debt.

So, when you are sitting down to prepare your weekly income vs expenditure lists and you're deciding which items purchased are necessity and which are luxury, what about those items that may be slightly harder to class such as cigarettes and alcohol and even your (contract) mobile phone bill?

A lot of people may disagree with this statement and believe that having a mobile phone in today's world or buying cigarettes to suit your lifestyle is a necessity.

Of course everyone is entitled to live their life whichever way they choose however, it does beg the question of the cost. Therefore, using the example of cigarettes, if you are a smoker it is an idea to sit down and write down exactly how many packets of cigarettes you buy during a week and how much each packet costs, and then work out how much money you spend on cigarettes a week alone, it may shock you. For example if a packet of cigarettes costs approximately £5.00 and you buy say 1 a day every day of the week, that would equal the sum of: $£5 \times 7 \text{ days} = £35$ a week on cigarettes. Now to some people that may not seem like a lot, but when you consider that £35 could cover the majority of a small family's weekly food shop, it is a substantial amount.

Therefore, if you are a smoker and you find yourself with a list of immediate payments and a £35+ cigarette bill, you may be in a better place to decide whether spending your money on cigarettes is more of a priority than food for the week; encouraging your self-discipline and prioritising skills.

Likewise, if you enjoy an alcoholic drink when socialising with your friends or just simply in the comfort of your own home, it is wise to monitor the amount that you spend on alcohol because it can all add up! By calculating your expenditure on such things as cigarettes, alcohol and treat items, you will potentially be able to then, with what money that is left over from the household bills and car payments and whatever else, prioritise what it could be spent on, maybe a nice trip to the cinema for you and your family.

Similarly, if you are faced with household bills and you mobile phone bill at the same time, which one do you see as the priority? In realistic terms, there are other means to communicate with someone e.g. in person, using the computer or even by the traditional pen and paper. Whereas, your payment for those household bills are what effectively keep a roof over your head, a place to stay sheltered and to sleep at night. Therefore this shows just how important it is to prioritise your needs over your wants to ensure that you can live to avoid large amounts of stress and debt.

Overall, this article highlights the importance of prioritising where and on what exactly you're spending your money. It also proves that by sitting down and putting all of your expenses onto paper or computer, you will be able to see where your money is best spent and where you could maybe be saving money to use elsewhere for more recreational and leisurely activities.