

## **Conquering Our Finances Part IV**

Written by Lillian Cheboski

Saturday, 23 February 2019 08:26

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### **Volume 09, Issue 08: Conquering Our Finances Part IV**

We are now ready to spend our 6,000 units, program it across immediate spend and future spend categories as we wrap up this series. Immediate spend is straight forward because it's right in front of us day in day out. It mainly comprises of our basic living expenses such as food, housing, utilities such as electricity and water, transportation, and grooming; as well as non-basic ones such as internet and entertainment. These are immediate because we pay for them either day by day or week by week or month by month.

We have other expenses that we don't necessarily pay for within the week or month of receiving our earnings. These include but not limited to school fees, insurance, maintenance and repairs, memberships, school books and accessories, extra curricular activities, clothing, vacations, personal development, support to family and friends and charitable contributions. These are things we pay for at different times within the year and should therefore be on our monthly budgets even though we don't pay for them until a later point in the year.

Ever wondered why some regular income earning parents find the January back to school time financially stressful? They have to come up with school fees, buy schools books, uniforms and accessories while still keeping up with their regular weekly and monthly expenses such as food and housing. Life is much easier when we acknowledge what all our expenses for a year add up to, and set aside money to cover each of them month by month, or at the frequency with which we receive our earnings, irrespective of when the bills fall due.

Managing the money for our future spend tickets in a separate bank account distinct from the account where funds for our immediate spend tickets sits ensures that we don't overdraw on future spend resources. Seeing all the cash in one place may have us think we have a lot of money to spend at the moment, when in fact we need to reserve part of it to make future payments. You don't want to find yourself using your school fees money to make contributions in a friend's fundraising event, and then have to frantically come up with the fees when they fall due.

We want our budgets to have everything we could possibly need to pay for, including a kitty for contributions to funerals, or a wedding gift for a friend, because these things are part of our lives and require our participation when they come up. I recommend budgeting for such as a

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contingency reserve to pull from when they come up. This reserve forms part of our future spend budget category because we don't necessarily use it every other month.

From our 6,000 units, let's assume our family's annual school fees budget is 1,200 units. It follows that our monthly school fees budget is 100 units, which we transfer to our future spend bank account every month when we are paying our bills. We do the same for all our future spend tickets like insurance, maintenance and repairs, memberships, school books, uniforms and accessories, extra curricular activities, clothing, personal development and vacation. When these bills fall due, we won't be under any pressure to deliver.

We must budget for future spend items like we do for immediate spend tickets because we are not expecting money to fall from trees when they fall due. We keep the money for these in a separate checking or savings account. After we pay our tithe, housing and utility bills, our current bank account for our immediate spend tickets should be left with only the cash we need to pay for immediate items on our budget like food, transport and pocket money.

Therefore from our 6,000 units available for spending, if our budget says we need 2,500 units a month for future spend tickets and 3,500 units for immediate spend tickets, we transfer 2,500 units to our future spend bank account and manage the rest in our immediate spend account. Our immediate spend tickets are payable by different means. Some are payable by wire transfer or cheque, others by card, and still others by mobile money or cash.

It then follows that we transfer the amount for the ones payable by mobile money at once to our phones, and withdraw the cash at once to pay for the ones payable by cash, and keep the cash in labeled envelopes in our purse to use as we go. Ideally, we should keep cash payments as limited as possible. For me, I keep 3 cash envelopes, one for church offerings that I pull from every Sunday, a second one for my bi-monthly market shopping, and a third one for my pocket money and kid's allowance.

Irrespective of your level of earning, include every aspect of your life in your budget and live within your means. We have duly emphasized that we finance quarterly and annual payments monthly or at the frequency with which we receive our earnings. Your insurance bill, school fees or needing to take a vacation shouldn't be a cause of stress because you put aside money for them with every month's earnings.

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You shouldn't be good with money because you want to be rich. You should be good with money because you want the freedom to live the life that makes you happy. We have seen that an emergency fund is the first step to making that happen. Be sure to have it as a line item in your budget that you contribute towards with every earnings. Unexpected influx of funds should go directly to your emergency reserve. The second step is saving for investments and future use, and the last step is maintaining an adequate budget for future spend tickets as you spend on immediate spend tickets. Conquer your finances by diligently following these three steps and you will be on your way to financial independence.

For His Glory,

Lillian Chebosi