



# PERSONAL FINANCE

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A household budget fails for one or two reasons. Either it was never written down in a form specific enough to be useful, or it was written once in January and never looked at again. With Uganda's national budget freshly unveiled and its effects beginning to filter into prices and the attendant cost of running a household, this is the right month to fix both challenges and build a budget that can actually carry you through the coming months.

### DO NOT ESTIMATE

Start by establishing what you actually earn and spend, using real figures rather than estimates. Pull out your bank statements and mobile money records for the last three months and go through them line by line. This is tedious, and most people skip it, which is precisely why most budgets are built on numbers that are wrong from the first day. Your estimate of what you

spend on transport, food and incidentals may be lower than what the records show. It is advisable to work from the records.

### A STRUCTURE YOU CAN MAINTAIN

Once you have accurate figures, organise your income against your expenses using a structure you can maintain.

The 50/30/20 framework is a reasonable starting point: Half your take-home income toward needs, 30% toward wants and 20% toward savings and investment.

Treat these as targets to work toward rather than rules you must meet immediately. If your needs currently consume 70% of your income, the budget's job over the coming months is to bring that figure down deliberately rather than to pretend it is already where it should be.

If there is no room to manoeuvre, you must look for more income sources.

A household budget that survives months ahead

### BE SPECIFIC

More to that, be specific when you list expenses. A category labelled simply as entertainment, transport, or family is too broad to manage. Break each one into the actual items it contains, with a cost attached to each. The discipline of itemising forces you to confront spending that a general category conveniently hides. Yet, it is usually in those hidden corners that the budget leaks are found.

### MATCH GOALS TO NUMBERS

Next should be, attaching your savings goals to specific numbers, investment vehicles

and timelines. A vague intention to build an emergency fund achieves very little. A decision to move 5% of your income, on payday, into a named unit trust, starting this month, gives you direction and removes the decision

from the realm of willpower.

Do the same for every financial goal. Name the amount, the investment vehicle and the date.

### PAY YOURSELF FIRST

On savings, apply one non-negotiable principle: Pay yourself first. The transfer to your savings vehicle should happen before you spend on anything else, ideally through an automated standing order on the day your income arrives. Unit trusts, SACCOS, Treasury Bills & Bonds and bank savings accounts all serve this purpose. Saving

whatever remains at the end of the month is how most people end up saving nothing, because the pressures of the month reliably consume whatever flexibility the savings line was supposed to occupy.

### USE SEPARATE ACCOUNTS

For small business owners, the household budget conversation is complicated by the frequent absence of a clear boundary between business income and personal income. When business cash flow and personal expenses run through the same account, budgeting either one becomes genuinely difficult. Separating them helps you understand whether the business is actually profitable and whether the household is actually solvent.

### MORE INCOME STREAMS

When your income does not stretch to cover both your expenses and your savings goals, the budget has done its job by revealing the gap. Do not respond by abandoning the savings goal, but looking for more income sources. Identify a skill you can monetise, a problem you can solve for a fee, a service you

can offer beyond your primary employment. A budget that consistently shows a shortfall is telling you that a single income stream is no longer sufficient and that is useful information to act on rather than to absorb.

### REVIEW REGULARLY

Finally, review the budget every month. Circumstances change, costs shift and the national budget's effects will continue to work through the economy over the coming months. A budget that is never reviewed becomes disconnected from reality within a quarter. A budget reviewed monthly stays useful for as long as you maintain it.

It is always important to remember that the discipline this requires is real and the willingness to say no to requests that set back your goals is part of it.

This is what separates income earners who get to December having built something, from those who arrive in that season surprised by where the year went.

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