

MONEYWISE

Your **Quick Guide** to managing your money

BUDGETING

DEBT PLANS

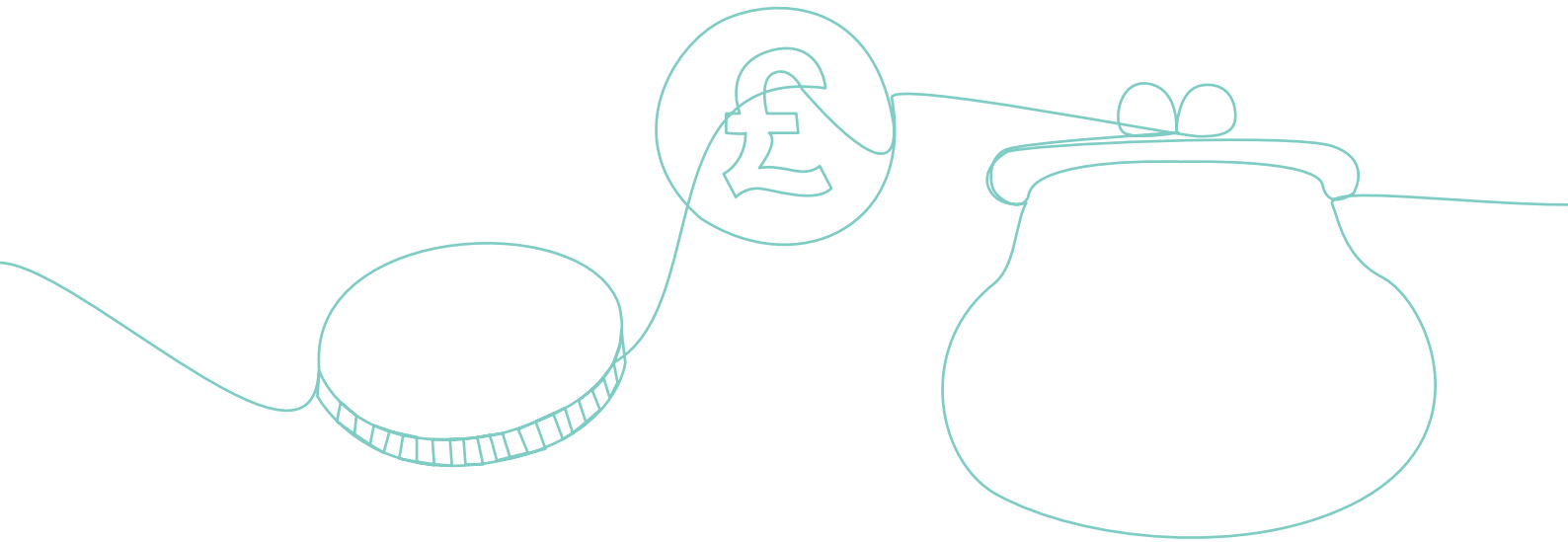
LIFESTYLE

MONEY
ADVICE

PayPlan[®]
live again

LIFE IS **FOR LIVING**





HOW ARE YOUR FINANCES?

Do you have plenty of cash to spare? Or, like most of us, are there times when things are a little tight?

If you're unsure how much you're spending each month, or if your finances are becoming a concern, it's worth getting control now so any minor money worries don't become a bigger issue further down the line.

In the Moneywise Quick Guide you'll find practical help on budgeting, ideas to boost your income and advice on where to go for further help if you need it.

WHERE DOES YOUR MONEY GO?

GET IN THE PICTURE

Getting in control of your money starts with knowing what's coming in, what's going out and being aware of what's coming up. By familiarising yourself now with what you spend, save and owe, it's easier to work out which areas could benefit from a little adjustment.

GET A PLAN

Review your spending now with our handy budget planner. Set aside some time to go through where your money is going now – and how much you're likely to spend over the next few months.

Don't worry about filling in complicated spreadsheets or online forms, a pencil and paper will do, alongside your bank statements and copies of your credit card and household bills.

Don't forget that your outgoings don't just include your bills. You also need to account for food, clothing, transport and entertainment. How the budget planner works:

THE PLANNER IS SPLIT INTO THREE SECTIONS:

1. YOUR INCOME

Including any benefits, savings and investments

2. YOUR OUTGOINGS

Including regular bills and occasional costs. Don't forget in this section to remember things like your car's MOT, birthdays, Christmas and holidays. And be accurate – if these figures aren't really representative of your everyday expenses, it will be difficult to end up with a clear idea of your situation.

3. YOUR SURPLUS INCOME

Or what's left.
This can be used to boost your savings, or spend on the things you enjoy.
In short, what you can afford.

THE COMPLETE COSTS

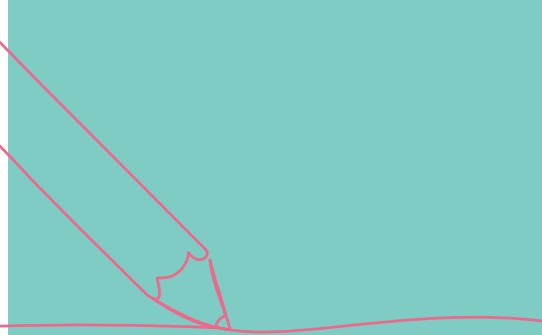
SOME TIPS TO COMPLETE THE PLANNER PROPERLY:

Use these examples to help identify what you should include and where you may be able to make adjustments:

- 1. HOUSEKEEPING:** Get into the habit of keeping shopping receipts to track what you're spending in the supermarket.
- 2. CAR:** Don't forget to factor in the cost of maintenance, repairs and insurance. As a guideline, this is typically in the region of £30-£50 per month.
- 3. CLOTHES AND SHOES:** This can be tricky to calculate, particularly if you have fast growing children and school uniforms to take into account, so just try to work out a monthly average if you can. And don't forget any clothes you need for work.
- 4. TELEPHONE AND INTERNET:** Check your bills for an accurate breakdown. If you think you're spending way over the odds, consider shopping around for a bundled package or cheaper contract. Don't forget to check with your existing supplier whether there are any fees for switching.
- 5. HIDDEN COSTS:** Don't forget the little things and the one-offs, for example prescriptions, dental treatments or glasses – things that may not come around too often, but can be expensive when they do.
- 6. PLANNING AHEAD:** keep in mind events that may impact on your disposable income – an interest rate rise for example could affect your mortgage payments, so it's worth thinking about any reserves you may need down the line.

1. YOUR INCOME

Your salary or wages	<input type="text"/>
Your spouse or partner's salary or wages	<input type="text"/>
Child Benefit	<input type="text"/>
Disability Benefits	<input type="text"/>
Income Support	<input type="text"/>
Maintenance	<input type="text"/>
Tax Credits	<input type="text"/>
Pensions	<input type="text"/>
Savings interest	<input type="text"/>
Other income/overtime	<input type="text"/>
TOTAL INCOME	<input type="text"/>



2. YOUR OUTGOINGS

REGULAR BILLS	Monthly amount	EVERYDAY BILLS	Monthly amount
Mortgage or rent	<input type="text"/>	Childcare	<input type="text"/>
Council Tax	<input type="text"/>	Evening classes	<input type="text"/>
Maintenance payments	<input type="text"/>	Food and groceries	<input type="text"/>
Electricity	<input type="text"/>	Fuel	<input type="text"/>
Gas	<input type="text"/>	Public transport	<input type="text"/>
TV licence and/or satellite subscriptions	<input type="text"/>	School costs (dinner, uniform, books)	<input type="text"/>
Water	<input type="text"/>	Other	<input type="text"/>
Other regular bills (e.g. appliance rental)	<input type="text"/>		
Personal loans	<input type="text"/>	OCCASIONAL COSTS	
Car loans	<input type="text"/>	<small>(Work out the total annual cost and divide by 12)</small>	
Life insurance	<input type="text"/>	Birthdays	<input type="text"/>
Motor insurance	<input type="text"/>	Car repairs, servicing and MOT	<input type="text"/>
Car tax	<input type="text"/>	Christmas	<input type="text"/>
Buildings and/or contents insurance	<input type="text"/>	Clothing	<input type="text"/>
Credit card and/or store card bills	<input type="text"/>	Decorating and house repairs	<input type="text"/>
Internet	<input type="text"/>	Medical, dental and opticians	<input type="text"/>
Telephone (mobile and landline)	<input type="text"/>	Hairdressing	<input type="text"/>
Other	<input type="text"/>	Holidays	<input type="text"/>
		Other	<input type="text"/>
		TOTAL OUTGOINGS	<input type="text"/>

3. YOUR SURPLUS

Total income		<input type="text"/>
Less total outgoings	-	<input type="text"/>
What's left is for luxuries and savings	=	<input type="text"/>

LUXURIES

- Socialising (pub, cinema, theatre etc.)
- Eating out
- Sports club membership
- Magazine subscriptions
- Charitable donations
- Other (cigarettes, sweets etc.)

SAVINGS

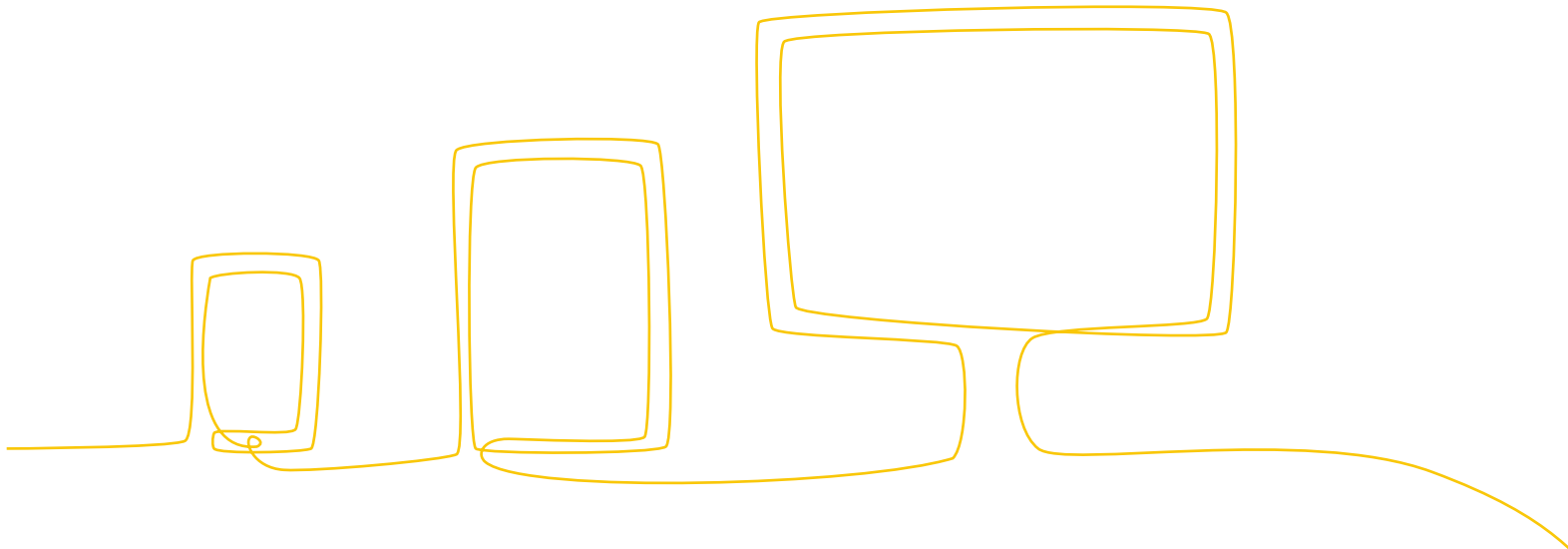
- Regular savings (e.g. ISAs)
- Pension
- TOTAL EXPENDITURE ON LUXURIES AND SAVINGS**

WHERE YOU CAN **SAVE MONEY**

GET AHEAD

Now that you have an accurate idea of your finances it should be clear whether – and where – **you can take action**. If what you spend is more than what you bring in, then you'll need to make some adjustments so you don't fall into debt.

Even if the books balance it's worth looking at where you can make savings to free up some extra cash.

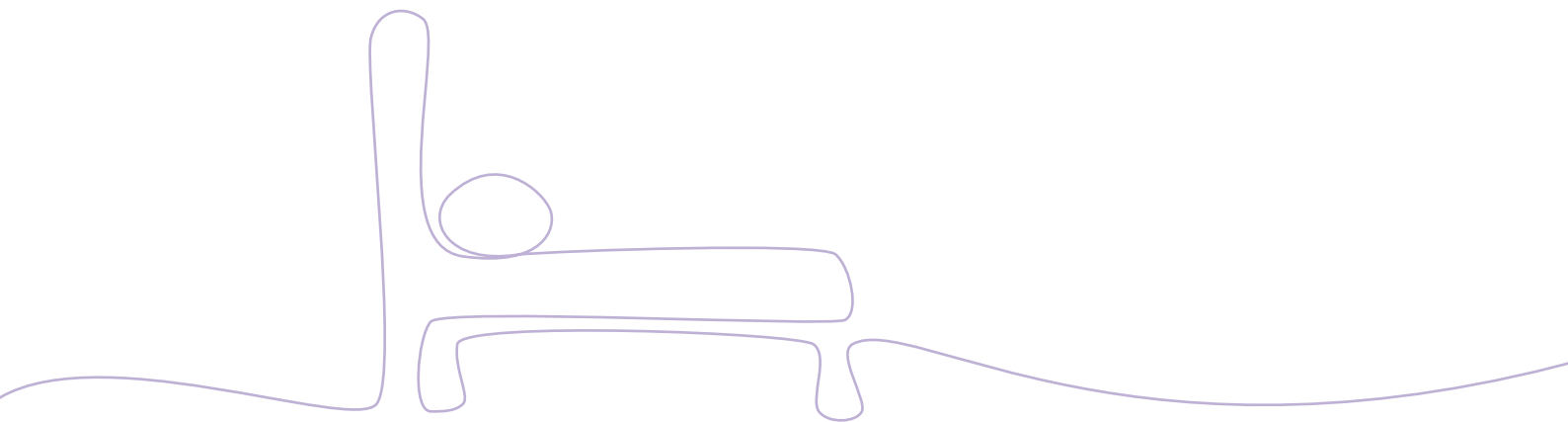


WHERE CAN YOU SAVE MONEY?

- 1. YOUR BANK ACCOUNT.** First of all, check your Direct Debits and Standing Orders to make sure you're not paying for things you don't need, such as gym memberships or magazine subscriptions. Make sure you're happy with the service you're getting and look at all the benefits you could be taking advantage of – many bank accounts now come with extra deals on insurance and other discounts. If you decide to switch, don't worry about the hassle it could cause, changing bank accounts is usually very easy nowadays and your new bank will sort everything out for you.
- 2. CUTTING YOUR SPENDING.** Just a few small adjustments can make a significant difference to your bank balance. Think about using a comparison website to check your insurance and energy bills; consider putting a budget on your supermarket spending, or swapping to a cheaper store; and look into changing your TV, phone or internet package to a bundled deal that could suit your family better. Please check with your existing providers that there are no penalties for ending a contract early.
- 3. SMART METERS.** Smart meters, like water meters, can give you completely clear and accurate billing and let you know which appliances are the highest contributor to your bills. Try the free home energy check at www.hec.est.org.uk which could save you up to £250 per year, and look into replacing your bulbs with energy saving versions.
- 4. MAKE THE MOST OF MOBILE.** Many banks now offer text alerts to let you know when your account reaches a particular limit or when a big credit or debit payment has left your account. Some even let you view your spending by payee or specific store over time, so you can build up an accurate picture of where you're money's going. And don't forget, with lots of voucher and discount apps available, there are plenty of ways to save money shopping or having a good night out.

BOOSTING **YOUR INCOME**





Aside from making savings, there are ways you can boost your income, so don't miss out on opportunities to bring a little more money in.

1. CHECK YOUR BENEFITS.

Aside from the discount you can receive on your Council Tax if you live alone, you may also be able to get Council Tax Benefit if your income and capital are below a certain level. Tax credits, income support and Jobseeker's Allowance are also available according to your employment situation. For the latest information check out www.turn2us.org.uk or call **0808 802 2000**.

2. REVIEW YOUR MORTGAGE.

If you're struggling with your mortgage payments there may be an opportunity to switch to save money. Why not speak to your existing lender to discuss your options? If you're on benefits or become unemployed and are paying a mortgage you may qualify for Mortgage Interest Run On (MIRO) or Support with Mortgage Interest (SMI). Check www.direct.gov.uk for details.

3. TAKE IN A LODGER.

Under the Government's 'Rent a Room' scheme, you can let out a furnished room in your home without paying tax on the first £4,250 you make each year (this figure changes to £2,125 each if you're letting jointly).

WHEN THINGS GET A LITTLE WORSE — **DEALING WITH DEBT**

Do you avoid nights out?

Do you wait to pay bills until after payday?

Do you avoid thinking about how big your credit card bills are?

Could you cope if you suddenly found yourself facing redundancy or another life-changing event?

It can be quite easy to fall into financial difficulty – particularly as credit is so easy to get hold of. If you regularly find yourself running out of cash or you're using credit cards to pay for bills it may be that you need some help.

Use our quick checklist to see if you're in debt. If any of these statements apply to you, it may be worth seeking debt help and advice.

Am I in debt?

- I can't manage day-to-day without borrowing some money
- I find myself using my credit card for essential purchases, like food and bills
- I'm falling into arrears
- I'm behind on loans secured against my home
- I can't make repayments on loans or credit cards
- I'm being contacted about unpaid bills or missed payments
- I'm relying on quick fix short-term loans
- I'm borrowing from friends or family
- I'm suffering from stress and constantly worried about managing my money

WHAT ARE YOUR OPTIONS TO DEAL WITH YOUR DEBT?

DMP

First of all, don't put it off. A large number of people in the UK are in debt and it's nothing to be ashamed of. The important thing is to take control now – and the best way to do that is to get some professional advice.

MOST IMPORTANTLY, DON'T PAY FOR THIS. Your EAP can provide you with free and confidential support and advice through our chosen debt advice partner, PayPlan.

If you are in debt, a debt plan may be the answer to managing the situation. Three widely used types of plan, Debt Management Plans (DMPs), Individual Voluntary Arrangements (IVAs) and Trust Deeds are outlined here. There is a wide range of debt solutions, these are just a few of them:

DEBT MANAGEMENT PLAN (DMP)

A **DMP** is often recommended if you can afford to repay your debts within a reasonable period of time.

PROS: You'll reach an agreement with your creditors and enter into a structured plan to repay your debt. In this instance, PayPlan would liaise with your creditors and you'll make one monthly payment that will be distributed between them.

CONS: A DMP is not a legally binding agreement. Your creditors don't have to agree to freeze interest and charges and may still contact you. Your credit rating will also be affected.

INDIVIDUAL VOLUNTARY ARRANGEMENT (IVA)

An **IVA** can be recommended for people who are not able to repay their unsecured debts within a reasonable period of time, usually around five years. It's a way of managing your unsecured debt so you are protected from additional interest and charges from your creditors.

If you have debts of £7,000 or more, an IVA is often a practical solution. The arrangement is supervised by an Insolvency Practitioner who will act on your behalf and put a proposal to creditors for repaying a percentage of the debt – the rest is written off after the successful completion of the arrangement.

PROS: With an IVA you can avoid bankruptcy, as long as you adhere to the terms and conditions of the IVA. Your contributions are based on the amount you are able to pay. You have peace of mind that your debts won't increase and a percentage will be written off.

CONS: Being in an IVA you would be added to a public register and there is a risk of bankruptcy should the IVA fail. During the term of the IVA you may have restrictions on your expenditure and some debts - such as student loans and court imposed fines - cannot be included.

TRUST DEED

TRUST DEED

Only available in Scotland, a **Trust Deed** is a legally binding arrangement between you and your creditors, overseen by a licensed Insolvency Practitioner.

You agree to pay a monthly amount – usually over a three or five year period, after which any remaining debt is written off. Each Trust Deed proposal is treated individually, based on your unique circumstances.

PROS: You pay one affordable monthly payment and once the Trust Deed is accepted, no further interest, charges or action can be taken against you by your creditors.

CONS: A Trust Deed will affect your credit rating and you may be required to release equity in your property. All assets and liabilities have to be declared. Risk of bankruptcy.

BANKRUPTCY

BANKRUPTCY

If you are declared **Bankrupt**, you are no longer liable for your debts, but control of all your significant assets (including your home and any other property you own) is passed to the Official Receiver, who may sell them to cover the cost of administering your bankruptcy and to try to repay as much of your outstanding debt as possible. Bankruptcy is only available to England, Wales and NI residents, and is generally only a viable option for people with limited assets.

The current fees for managing your bankruptcy are £525, plus £180 for court costs in England & Wales (£115 court costs + £7 solicitor's fee in Northern Ireland). If you're on a low income or receive benefits, you may be exempt from paying the court costs.

PROS: The advantage of bankruptcy is that it usually only lasts for a year, after which most of your remaining debts will be written off. However, you may be required to make payments from your earnings into your bankruptcy for up to 3 years.

CONS: The disadvantages of bankruptcy are that you may lose your home and any other significant assets. A record of your bankruptcy will appear in the publicly available Individual Insolvency Register and will remain on your credit file for six years. This will have a serious impact on your credit rating, and obtaining further credit is likely to be very difficult during this time. It may also affect your current or future tenancy agreements, and you may face restrictions on working in certain professions.

WHERE TO GO FOR HELP IF YOUR LIFE SUDDENLY CHANGES

A sudden change in circumstances can seriously impact your financial situation and push you further into debt. Depending on what's happened there are a number of avenues to look for help.

RELATIONSHIP CHANGES

When a relationship breaks down there's a good chance that a change in living arrangements - and the adjustment from two incomes to one - will have a direct effect on household income. The situation becomes even more complicated if there are joint debts involved, or the cost of divorce has to be factored in.

The most important thing is to take control of your situation. Quite often in relationships one person looks after the finances, so make a start by understanding your incomings and outgoings (use the handy Budget Planner in this guide to help you do this).

The key thing to remember is that you're not alone – there are lots of places to look for help and support, including www.moneyadviceservice.org.uk and www.citizensadvice.org.uk



TIPS TO RESOLVE YOUR FINANCES ON SEPARATION:

1. **Make a list of everything you own and the debts you have.** Include your savings, cars and any household goods. As a general rule, the person who owns an item is entitled to keep it (and is also responsible for keeping up payments on separation), but the partner may be able to make a claim, particularly if they've been making joint payments.
2. **Work out what your possessions are worth.** If you're unsure, speak to the experts, particularly if you're trying to value your home.
3. **Work out how you plan to divide the things you own** (including bank accounts) and who will pay bills and loans.
4. **Most importantly,** agree how you will support your children, if you have them. As parents, both parties are expected to pay for their costs.

Try the Divorce and Separation Calculator from the Money Advice Service to get an idea of how your finances could be split: Search for '**Divorce and Separation Calculator**' at www.moneyadviceservice.org.uk.

Find out what help and support you can get at www.direct.gov.uk – if you are worried about managing to repay your debts after your split, contact PayPlan for further advice.



ILLNESS AND DISABILITY

During one of the most stressful situations a family can face, it's important that financial concerns don't add to the burden. Whether you're living with a serious illness or caring for someone else who is ill, there are steps you can take to protect your interests:

- Ask a doctor or consultant to write a short letter confirming the diagnosis to use as evidence of your situation for mortgage lenders, credit card companies, banks and solicitors. If you're caring for another person, they can appoint someone on their behalf through power of attorney to manage their finances if appropriate.
- Make sure you're up to date with disability-related financial support – this might include benefits, tax credits and concessions
- Check whether any medical insurance you have covers for loss of income

Visit www.direct.gov.uk for information on what's available to you.

If your finances are getting on top of you and you would like to understand your options **get in touch with your EAP for free**, confidential support and access to further debt help via our chosen provider.