

Taking control of your finances

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Homes for Haringey

When you need to tackle debts or you want to move from just getting by to starting to save for the future, then you must take control of your finances.

Even if you don't have a specific goal, it is always good to know exactly where your money is going so that you are prepared if anything unexpected is happening.

Budgeting

It's best to start with a budget. This is simply a record of every money you have coming in every month and everything you spend. Your budget should cover the following:

Income:

- Salary or wages
- Any benefit payments
- Any pensions
- Any other income.

Expenditure:

- Essential spending (such as rent, insurance, Council Tax, gas, electricity, TV licence, court fines, child care costs)
- Phone
- Travel
- Housekeeping
- Other expenditure (such as TV, school, pets, gifts and leisure).



In your budget, make sure you don't leave anything out and include one-off expenditure such as gifts or higher value goods.

There are some useful budget templates and online budget calculators you can download from the internet. Here are some suggestions:

Money Advice Service

www.moneyadviceservice.org.uk

National Debtline

www.nationaldebtline.co.uk

Public services website Directgov

www.direct.gov.uk

Citizens Advice Bureaux

www.adviceguide.org.uk

Your bank may also have information about budgeting, and a budget template or online budget calculator available on their website.

Cutting back on expenditure

If you find that you are actually spending more money each month than you are getting in, then you need to look at what you can cut back.

If you look closely at your budget, and you find lots of smaller items such as buying sandwiches at lunchtime, getting takeaways in, or maybe buying magazines, then these are easy things to cut back on.

Here are some other tips on cutting back on expenditure:

- Have you got any direct debits for magazine or online subscriptions that you no longer need or want? Cancel them.
- Keep a spending notebook or diary with you at all times and jot down everything you spend - this will make aware of all the smaller items you tend to buy and encourage you to spend less.
- Can you save on your utility bills? Check out our **Factsheet #3: Keeping your energy bills low**.

The Money Advice Service has a very useful cut-back calculator to help you work out where you can make savings on things you buy regularly.

Go to **www.moneyadviceservice.org.uk** (> Managing your money better > Budgeting and taking control > Cut-back calculator)

Paying back debts

If you have loans or you owe money on credit cards, look at which loan and or credit card debt charges the highest interest rate, and prepare to pay those of first. That way you'll clear your debts faster. Store cards tend to charge the highest rates of interest. Personal loans from banks charge lower interest rates than store or credit cards.

Make sure you keep to the terms of any of your agreements though. If, for example, you've got a store card debt and a credit card debt, and you prioritise paying your store card debt first, then make sure you make the required minimum payment on your credit card as well.

Check out our **Factsheet #5: Dealing with debt and low cost borrowing** for further information about how to deal with debt.

Saving

Saving is easier when you have a goal. If you haven't got any savings, then your first goal could be to have a certain amount of money set aside for emergencies, for examples, if you cannot work for a while. Aim to get a few months' worth of expenses saved in an instant access account.

If you've got an emergency fund together, plan for your next saving goal such as a holiday or purchasing a more expensive household item.

Start setting up a standing order to save regularly and make sure you pay money into your savings account as soon as you get paid rather than at the end of the month.

We've published a range of factsheets to help you manage your money better:

Factsheet #1: Opening a bank account

Factsheet #2: Taking control of your finances

Factsheet #3: Keeping your energy bills low

Factsheet #4: Switching energy suppliers

Factsheet #5: Dealing with debt and low cost borrowing

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