

money  
course

# Get to grips with your money

Guest Handbook



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# welcome

## Welcome to the money course

Although we all use money every day, none of us can claim to be perfect at handling it well all the time, and most of us have got ourselves into difficulty at one time or another.

**It is possible  
to get your finances  
under control.**

Although it may take a bit of effort, and probably won't happen instantly, there are things that all of us can do to manage our money better.

### QR codes

Wherever you see a QR code throughout this Handbook, you can scan it to be taken directly to the webpage referred to.

Various QR code readers are readily available as free apps on both Android and Apple platforms.

## How to use this Guest Handbook

**1** We've created this handbook specifically for the Money Course. **It is yours to take away and keep, so feel free to scribble in it and make any notes you want.**

**2** The handbook is in two sections. **We will only use the first section during the course.** It contains all the exercises we will cover, and has space for your answers and to make notes if you would like to.

**3** **The second section is for you to use after the course** and goes into more detail about the things we cover during the course.

**4** **In between is our four-week Money Fitness Plan** – a series of simple steps which you can take in the weeks after the course to help you put into practice what you'll have learnt.

# Section One

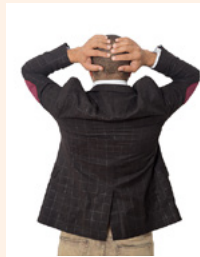
This section contains notes and exercises to use during the course

# How do you feel?

Where do we start when thinking about how to manage our money better? Well a good place to begin is to look at our emotional relationship with money, because how we feel about money often determines how we actually handle our money day-to-day. Our actions often follow our emotions!

## pause: how 'in control' do you feel?

Look at the series of pictures below. Choose one that reflects how you feel about your current financial situation. If you feel comfortable, share your answer with the group.



Whichever picture you chose, it is important to recognise that our emotional relationship with money is often very deep-rooted. In fact, study after study has found that one of the biggest factors in how we relate to money as adults is how money was dealt with as we were growing up.

**Some common parental money habits and how they could affect you:**

	<p><b>Money was very tight/scarse</b></p>	<p>Do you overcompensate by spending to make yourself feel better?</p>
	<p><b>You were spoilt as a child</b></p>	<p>You always want to treat yourself, even if you don't have the money. Perhaps you feel like you 'deserve' to spend money on yourself?</p>
	<p><b>Your family was very generous</b></p>	<p>Are you too generous, giving gifts you can't really afford, or spending a lot on birthdays and Christmas?</p>
	<p><b>Money was never talked about</b></p>	<p>Do you have a fear of money, and tend to bury your head in the sand? Do you feel out of your depth when it comes to money matters?</p>
	<p><b>Your parents lived beyond their means</b></p>	<p>Perhaps you are more willing to borrow to get what you want? Do you always think through the consequences?</p>
	<p><b>Your family, or a parent, was financially dependent on someone else</b></p>	<p>Are you expecting someone else to always bail you out of difficulty?</p>
	<p><b>Money issues caused arguments or a relationship breakdown</b></p>	<p>Do you try to buy your way to the 'perfect' life?</p>

# exercise:

## childhood money experiences

How was money handled as you were growing up?  
What effect do these experiences have on you today?

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Of course, this doesn't mean we can simply blame our parents or those who brought us up for the mistakes we make today. But it is important to be able to understand some of the roots of our current habits so that we can take ownership of them and seek to change them if we need to.

### Does money buy happiness?

How about just a little more money - wouldn't that make you a little happier? We often have a strange relationship with money; most of us don't want to admit to thinking money can buy happiness, but secretly many of us would like to give it a try!

When asked, most people believe that they would be happier if they could have a little more money than they have now.

The trouble is, even the very rich think that! So where does that leave us?

If even those who have more than us feel that they need more, then perhaps part of the issue isn't just how much we have, but what we feel about what we *do* have.

Of course that's not to say that so long as our attitude is right, it doesn't matter if we are poor – that would be a daft thing to say. But clearly our emotional relationship with money is important as it often affects how we actually manage our money.

### Or anxiety?

But if comparison is something that comes naturally, the other emotion that many of us will encounter when it comes to money is anxiety.

"Though I'm ashamed to admit it, I haven't a clue when it comes to money. I don't live an excessive lifestyle but there just never seems to be enough, and I've no idea where it all goes. I'm just left with a feeling of confusion and frustration, not knowing where to turn or what to do!

To be honest, I'm afraid – afraid of the truth because I don't feel I can do anything about it. And I'm embarrassed - I feel I should know about this stuff, that I should be able to cope ... But why? No one has ever taught me!

I don't want to face it. I've always just buried my head in the sand, and I think a lot of people feel the same. When it comes to money, I just don't know what I'm doing or where to begin."

- David

### **'Money Sickness Syndrome'**

How many of these 'symptoms' do you recognize?

- Do you have a realistic household or personal budget?
- Are you anxious opening bank statements or at the ATM?
- Do you constantly need to use your overdraft to get by?
- Do you lie awake worrying about money or take time off work with money worries?
- Are you in denial about your debts and would prefer to keep it that way?
- Do you lack savings to fall back on in an emergency?
- Do you avoid or get tense even discussing money?

### **What's the solution to 'Money Sickness Syndrome'?**

**Talk:** talking about our problems is the first step on the road to being able to sort them out. Who do you need to talk to?

**Plan:** which is where your budget comes in!





The Money Course Budget Builder is where your budget starts!  
Visit **budgetbuilder.themoneycourse.org** to create and save your own budget, or download the app to use on your phone or tablet – search for 'Budget Builder' on Android or Apple to find it.



Available on the  
App Store



ANDROID APP ON  
Google Play



# 6 steps

## to creating your budget

# 1

### Use the budget builder

Decide whether you are going to use the paper or the online version.

# 2

### Customise your budget

Decide whether it will run weekly or monthly, include someone else if you want to do a joint budget, and 'hide' any categories that aren't relevant.

# 3

### Work out what you spend

Go through your bank statements, bills and receipts to help you work out what you spend. You might want to keep track of everything you spend one week in order to help you identify any spending you may have forgotten about.



# 4

## **Fill in your budget**

Go through the Budget Builder line by line. Fill in the Income sections with what you earn/receive in benefits.

Move onto the Spending sections. Think about each line – some may not apply to you, but fill in all those that do. Include everything you currently spend – even the little things add up! For each item, enter the Amount and Period (e.g. £20 Weekly)



# 5

## **Include everything**

Be honest with yourself – include what you actually spend, not what you'd like to spend or what you think

you should spend. Don't try to hide anything – it's not going to go away just because you don't put it in your budget!

# 6

## **Don't worry!**

Don't worry about getting your budget to balance at first – just include all your spending so you have a complete picture

to work with. You can change the amounts later once you've thought about what savings you can make.



There are more notes to help you create your own budget in Section 2 on page 39.

# pause:

## some questions to think about when starting our own budgets

1. How do you decide whether you should budget weekly or monthly?  
Think about how often you receive your salary / benefits etc.

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2. If you are married or living with a partner, should you do separate budgets for each of you, or a joint budget together?  
How might your choice work in practice i.e. how would you decide what goes into your budget(s) and who contributes?

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3. How should you budget if your income goes up and down each month – for example if you are self-employed, your benefits fluctuate or you work irregular hours? What ideas do you have for making this easier? How would you cope if your income is lower than your budget one month, or higher?

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# The balancing act

**Don't panic if your budget doesn't**

**balance first time – most don't!**

**Drawing up a budget is only the first step.**

It can be scary to see all your finances laid out in your budget – but don't panic – there are things all of us can do to get our budgets to balance, although some things may be easier than others.



## 5 steps

### to getting your budget to balance

1

**It's a priority!**

**Think about your priorities – have a go at the exercise on the next page.**

If you are living with a partner, compare your lists with each other. Do your priorities differ? It's not a bad thing if they do, but if you share your finances then there needs to be at least some agreement as to what your joint spending priorities are.

If there isn't, then the danger is you might end up pulling in different directions, which is not healthy for either of you. So talk to each other! Talk about each other's priorities, and work out a way forward that both of you can agree on.

Secondly, spend some time considering how important your priorities really are: are they things you actually need – things you require to live and sustain yourself; or things you want – spending that is more of a choice, or even a luxury.

Lastly, think about how your list compares to how you actually spend your money. Do you spend your money according to the priorities you've indicated, or do you find that you are spending too much money on those things you consider to be a low priority? If so, what changes can you make in order to better reflect your priorities?

# exercise:

## what are your priorities?

Visit [themoneycourse.org/priorities](https://themoneycourse.org/priorities)  
or scan the QR code to be taken to this exercise online.



Look at this list of items you might spend your money on. Think about whether each item is a High, Medium or Low spending priority for you. Next to each item write 'H' for High Priority, 'M' for Medium, or 'L' for Low.

- |                               |                                    |
|-------------------------------|------------------------------------|
| Shoes                         | Jewellery                          |
| Kitchen gadgets / equipment   | Take-away coffees                  |
| Pension payments              | Lottery / gambling                 |
| Alcohol                       | New furniture                      |
| Contents Insurance            | Petrol                             |
| Meals out                     | Classes / clubs                    |
| Rent 📍                        | Savings                            |
| Clothes                       | Computer games / online gaming     |
| Utility bills 📍               | Cigarettes / vaping                |
| Home improvements             | Holidays                           |
| Dry cleaning                  | Sports clubs / gym memberships     |
| Children's clubs / activities | Bank fees / charges                |
| Music downloads / streaming   | Online streaming services          |
| Haircuts                      | Newspaper / magazine subscriptions |
| Medicine                      | Water charges                      |
| Days out                      | Beauty products / grooming         |
| Debt repayments               | Childcare                          |
| Child maintenance payments    | Public transport / season tickets  |
| Groceries                     | Council tax 📍                      |
| TV Licence 📍                  | Big nights out                     |
| Pet costs                     | Cinema / theatre / concerts        |
| Satellite / subscription TV   | Birthday gifts                     |
| Mortgage 📍                    | Chocolate / sweets                 |
| Charitable / church giving    | Christmas presents                 |
| Life insurance                | Take-away meals                    |
| Mobile phone contract         |                                    |

Which other things would you add to this list?

2

**Increase!**

**Can you increase your income to be able to support your spending?**

## exercise: increasing your income

How many ideas can you think of to increase your income or raise money?

1 .....

2 .....

3 .....

4 .....

5 .....

6 .....

7 .....

3

Reduce!

Can you reduce your spending to fit your income?

## exercise: reducing your expenditure

How many ideas can you think of to reduce your spending or save money?

1 .....

2 .....

3 .....

4 .....

5 .....

6 .....

7 .....



4

**Review!**

**Sit down with your budget and go back through some of the previous exercises.**

Look again at what your priorities are; think through how and where you spend your money; and go through your budget, line by line if necessary, and think about what you can change.

5

**Think about savings**

**Most of us are pretty bad when it comes to saving.** But all the research suggests that getting into the habit of saving something each month, even if it's just a small amount, can make a big difference. So what can you do? See page 45 for more information.

## exercise: savings goals

What do you want to save for?

.....  
.....  
.....

How much do you need to save in total?

.....  
.....  
.....

How much could you save each month towards your goal?

.....  
.....  
.....

# Credit street

**Not long ago, credit cards didn't even exist, yet today there are more cards in this country than there are people!** But it is not only our use of credit that has changed; our attitudes to being in debt have also changed radically. The debt that our grandparents feared like a disease has now been normalised as 'credit', and for tens of millions of us it has become a way of life. So where are you when it comes to debt?

## exercise: debt awareness quiz

Visit [themoneycourse.org/quiz](https://themoneycourse.org/quiz)  
or scan the QR code to be taken to this exercise online.



Circle your answer to each question

- How do you deal with your day-to-day expenses?
  - I stick to a budget, so I always have enough money
  - I get by, but sometimes I'm not sure where all my money went
  - I often end up with a bit of an overdraft at the end of the month
  - I usually rely on my overdraft or credit card
- How often do you borrow money from friends or family?
  - Never
  - Rarely
  - Every so often
  - I always seem to owe someone something
- How would you deal with sudden unexpected expenditure?
  - I have saved for this eventuality
  - I would use money saved for another purpose to pay for it
  - I would put it on my credit card/overdraft and start paying it off as soon as possible
  - I would add it to my overdraft/credit card and worry about it later
- I worry about my debts ...
  - Never
  - Occasionally
  - Frequently
  - All the time
- Excluding any mortgage, how much debt do you have in total?
  - None
  - Equal to 3 months' income or less
  - Equal to between 4 and 8 months' income
  - Equal to more than 8 months' income

6. Have you been subject to any collection activity for your debts in the last 18 months?
- A. Never been chased for my debts
  - B. Reminder letters or penalty charges/fees
  - C. Special payment arrangement or default notice
  - D. Debts passed to debt collection company, court judgements or bailiffs
7. Excluding any mortgage, how many different people/creditors do you owe money to?
- A. 0-1
  - B. 2-3
  - C. 4-5
  - D. More than 5
8. Excluding any mortgage, how do you manage your debt repayments?
- A. I repay any debts in full each month / I don't have any debt
  - B. I pay more than the minimum payments each month
  - C. I pay the minimum amount each month
  - D. I struggle to pay the minimum payment each month
9. What is the state of your savings?
- A. I have savings of more than 6 months' income
  - B. I have savings of between 3 and 6 months' income
  - C. I have savings of between 1 and 3 months' income
  - D. I have savings of less than 1 month's income
10. Other than a mortgage, when borrowing money, what's the most important consideration for you?
- A. How quickly you'll be able to repay the borrowing
  - B. How quickly the loan will be made
  - C. How much the monthly payments are
  - D. What the total borrowing cost will be
- 

**Now count up the number of C's and D's you circled:**

**LESS THAN 3?** Well done. On the face of it you seem to be managing your debts reasonably well. Of course, there may still be some work to do before your finances are in the state you would like them to be, but you are off to a good start.

**BETWEEN 3 AND 5?** Well it could be worse, but there's definitely room for improvement! Although your score indicates that you may be coping now, there are still some areas that might need to be addressed. The good news is that if you follow the ideas from this course, you'll be in a great position to improve your score.

**6 OR MORE?** As you might already have guessed, this is probably a sign that things could be better! The good news is that if you follow the ideas from this course, you'll be in a great position to turn your score around. But it does mean that it's more important than ever to do something about it.

Not all debt is bad. Clearly there are many cases in which debt is a useful and even sensible part of our finances. But debt can bring problems too.

**What are the problems debt can sometimes bring?**

**Credit can change our behaviour:** it often feels like new money when in fact it is borrowed money that will need to be paid back. This is especially true when we use credit cards. We often end up spending more than we would have done if we'd had to hand over fistfuls of cash instead

**We can also become mortgaged to the future:** in other words, we push the problem of paying for things into the distance and of course none of us knows what the future holds – indeed two-thirds of debt problems that are reported by some of the big debt advice agencies are the result of unexpected changes.

That's why taking on any debt needs to be carefully thought through. Not all debt is bad, but debt can become bad if it's taken on for the wrong reasons. Because of this, some people like to talk about 'good' debt and 'bad' debt.

## exercise: good debt & bad debt

What do you think the differences are between 'good' debt and 'bad' debt?

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### Some basic principles

So where does all this leave us? To answer that question, let's look at some basic principles:

- Get help if you need it from a professional debt adviser – find organisations that can help at [themoneycourse.org/debt](http://themoneycourse.org/debt)
- Take debt seriously – any new debt should meet the 'good' debt criteria (see p.47)
- Beware of 'soft debt' – i.e. credit cards & overdrafts which we might not even think about as debt
- Most importantly - **make paying off debts a priority in your budget**

### How to pay off your debts

You need a plan:

1. Draw up your budget, and include within it just the minimum payment for each of your debts.
2. See what effect that has on your budget. Can you create a surplus so you can start paying more than the minimum payments?
3. If so, go back to your budget and add in your surplus against your debt payments.
4. Now work out how to start paying down your debts – carry on making the minimum payments on all of them, but concentrate your payments towards one debt at a time. See p.48 for some suggestions of different ways you could do this.
5. Whichever method you choose, the key is to make paying off your debt your priority, and then to embed it within your budget.

# Piggy banking

**Drawing up your budget will be a complete waste of time if it simply ends up in your drawer - it needs to be a living document.**

Drawing up a budget is just the beginning – the real challenge is how to put your budget into practice day-to-day. That’s where Piggy Banking comes in!

Piggy Banking is a simple tool to help you manage your money. It works on the basis that most of us find it difficult to keep track of everything that’s going on with our money. We get bombarded with so many bills, all arriving at different times (or sometimes all at once!), that it’s difficult to stay in control. Piggy Banking makes things much simpler by breaking down all your spending into three categories.

## 6 steps to setting up piggy banking

1

**3 Pots!**

**Separate all the things you spend money on into three categories:**

### 1 BILLS AND REGULAR PAYMENTS:

All the bills you pay regularly e.g. rent/ mortgage, utility bills, insurance etc, as well as any other payments you make on a regular basis.



### 2 DAY-TO-DAY SPENDING:

Your day-to-day living expenses e.g. food and groceries, toiletries, one-off travel, leisure and entertainment.



### 3 SAVINGS AND BIG PURCHASES:

All the things you want to save up for. There is more about Saving in Section 2 on page 45.



# exercise:

## piggy banking

In which Piggy Banking pot would you place the following?

	BILLS	DAY-TO-DAY	SAVINGS		BILLS	DAY-TO-DAY	SAVINGS
Rent/mortgage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Home insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New car	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Travel to work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Groceries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Hair cuts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Holidays	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tax	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contact lenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meals out	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Going to the cinema	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Council tax	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electricity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lottery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mobile Phone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Charity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Magazines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Clothes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alcohol	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



2

**3 Totals!**

**Add up the total spending for each of your three Piggy Banking pots.**

If you are using the online Budget Builder, the hard work is done for you. Otherwise, you will need to add them up yourself. When you are finished, you should have three totals, one for each of your Piggy Banking categories.

3

**3 Accounts!**

**Open three bank accounts, one for each of your Piggy Banking spending categories.**



For help in opening your Piggy Banking accounts and organising the transfers, see p.50 in Section 2.

4

**3 ACTIONS!**

**Organise your income and payments**

1

Arrange for your income to be paid into your **Day-to-Day Spending account.**

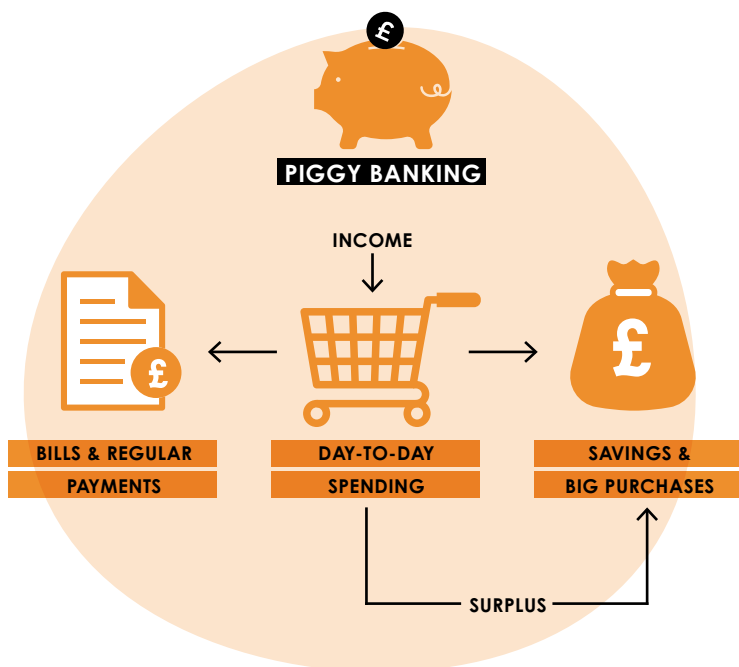
2

On the same day that you get your income, set up two automatic bank transfers (Standing Orders):

- The first transfer will be into your **Bills and Regular Payments account**, and the amount you transfer will be the Bills total from your Budget Builder.
- The second transfer will be into your **Savings and Big Purchases account**, and again, the amount you transfer will be the Savings and Big Purchases total from your Budget Builder.

3

Make sure you use the correct account whenever you spend any money. So all your bills are paid from your Bills account. You only use your Day-to-Day account for your everyday purchases. And anything you are saving up for comes out of your Savings account.



- 5 An extra step!**  
**Make an extra transfer if you receive more income than you've budgeted for one month – for example if you get more than you were expecting in Universal Credit, or overtime at work. Or perhaps if you are self-employed.**

If this happens, transfer the extra income – i.e. the difference between what you have budgeted and what you actually receive – into your savings account, so that you can use this surplus in any months when your income is lower than you were expecting.

**!** See the more detailed notes on page 40 for what to do if your income goes up and down, or you are self-employed.

- 6 Use cash!**  
**If you need to, think about using cash to help you budget.**

Draw out from your Day-to-Day Spending account only the amount of cash you need for the week ahead, based on the budget you have drawn up, and use only that cash during the week. It's simple! But the effect is amazing.

# Start your real life

As we talked about right at the very start of the course, when it comes to managing our money, our financial mental wellbeing also plays a huge part.

Much of what we learn through the influences of our society is that our wellbeing is determined by what we have: our income, our home, our possessions. And if we don't have enough of these, or don't have the right things, or even if we don't have the things that everyone else has, we're told that our mental wellbeing – our 'happiness' - suffers.

Yet all the evidence shows that what we do, and the way that we think, have the biggest impact on our mental wellbeing, rather than what we have.

With that in mind, we suggest there are **3 things** that are vital for our financial mental wellbeing - **Contentment, Gratitude, and Generosity**.

## Contentment

Contentment is not the opposite of ambition. Being content with our financial situation doesn't mean that we just settle for less than we need, or don't try to improve our situation; no, it is much more fundamental than that. Contentment is about learning to be at peace with the present, about learning to savour what we already have, rather than only ever focusing on what we think we're missing out on. Contentment is about wanting what we have, and not always having everything that we want!

## Gratitude

The conscious effort to recognise and acknowledge all the many things that we can be grateful for has a profound effect on our overall wellbeing. The point is not to try to cover up our problems and worries, but rather to try to ensure that our troubles don't drown out all the many things that we can be grateful for.

**"It's not happiness that makes us grateful, but gratitude that makes us happy".**

## exercise: gratitude

What three things can you be grateful for in your life this week?  
How could you practise gratitude more often?

- 1 .....
- 2 .....
- 3 .....

## Generosity

There are many ways to be generous – we can and should give of our time and skills, as well as being generous with our money.

Here are some reasons why generosity is so important:

- **Generosity changes the lives of others.** We are part of a community, and sharing should be as natural as breathing.
- **Generosity changes our lives!** Numerous studies have shown that acts of kindness towards other people, such as volunteering, or being generous with your money, can stimulate the reward areas in our brains, creating a positive sense of wellbeing and improving mental health. Helping others can also give us a sense of purpose and feelings of self-worth and can help us strengthen our relationships and build new ones, which in turn improves our mental wellbeing.
- **Generosity is an act of thanksgiving and gratitude.** It reminds us that everything we have is a gift, and not something that should be taken for granted.

## exercise: generosity

1. Think of a time when you have given or received a significant gift.  
How did you feel?

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2. What one step could you take to become more generous?

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# Over to you!

So that's the theory, but the next steps are down to you: how far are you prepared to go?

## exercise: what next?

**What two practical steps will you take in the next two weeks to continue the process we've started together?**

Will you finish the budget you've started?

Perhaps you will set aside some quality time to balance your budget?

Or maybe you will open your Piggy Banking accounts?

1 .....

.....

2 .....

.....

Now make a resolution to carry out these steps. If possible, share your intentions with someone else to hold yourself accountable and make them more likely to happen!

# final words

## some final words of advice

1

### Be realistic

Budgets take time and hard work – don't expect to have a fully functioning, successful budget immediately. If you 'fail' to keep to your budget one week/month, don't give up. Try to understand why you 'failed' and start again.

And don't be ashamed of saying 'No' to something you can't afford to do – after all, it's you who will have to live with the consequences, not the person you are saying no to. Saying 'no' is not a failure, it's a choice.

2

### Keep your budgets under constant review

Our lives don't stand still, and neither should our budgets. Each month we suggest you check the payments going out of your Bills and Regular Payments account against the payments you have budgeted for. If there is an increase in the payments you are making, you will need to adjust your overall budget, and change the amount of the payment going into your account accordingly. As the months progress, you will find this easier as the payments settle down and the system begins to work.

3

### Don't panic if things go wrong

Life is never straightforward, and your circumstances will change, so please don't panic if, for whatever reason, it all goes horribly wrong! But don't bury your head in the sand either. You now have all the tools you need to draw up and revise your budget, so please don't be afraid to go back to the beginning and start again. Dig out your notes from this course, draw up a new budget and take it from there.

# money fitness

## your four-week 'money fitness' plan

Now that you've attended the Money Course, the next steps are over to you! If you are serious about getting your finances under control, you may want to follow this four-week plan to get you 'Money Fit'!

### week 1 THE WARM UP

Like any exercise, doing a good warm up is essential. So before you jump into drawing up your own budget for the first time, there are some useful things you can do first to prepare:

- **TAKE THE ONE-WEEK SPENDING**

**CHALLENGE.** There's no use drawing up a budget if you don't really know where your money goes. So why not take the one-week spending challenge. Use a piece of paper or the 'notes' function on your phone to keep track of everything you spend in one week. Use this information to help you fill in your budget. Don't cheat – write down everything!

- **LIBERATE YOUR BILLS!** Most of us are frightened of our bills, and often they get 'filed' unopened in a drawer, or left as an unread email. Well now is the time to release them into the light of day. Dig them out, put them into some nice neat piles, and use them to work out what you are spending so that you can use accurate figures when you start your budget.

- **SET SOME GOALS.** What do you want your budget to achieve? It's helpful if you set yourself some goals before you start, so you have something to aim for. Have a look at the Goals Exercise on page 17.

- **GET TALKING!** Talking about money is often one of the most difficult things to do. However, it is also one of the most important. If you have a partner, make now the week you talk to each other about your financial situation. If you are going to get back in control, you'll need all the help you can get, and that means working as a team. It is vital that you are both pulling in the same direction, and have similar objectives. So, hard as it is, try to arrange some time to sit down and talk.

# BUILDING YOUR (BUDGET!) MUSCLES

## week 2

### This is where the fun really starts - creating your own budget!

Your task this week is to use the six steps on page 10 to start creating your own budget.

OK, we admit it, creating a budget is not the most exciting activity in the world, but it could be one of the most useful. And it's essential if you are ever going to get your money under control. So make this week the week you get started - go to [budgetbuilder.themoneycourse.org](http://budgetbuilder.themoneycourse.org), enter your email address, create a password, and away you go! Or download the app - search for 'Budget Builder' on Android or Apple to find it.



#### • TAKE YOUR TIME

Key to this week's task is setting aside enough time to be able to do it properly. So clear everything else out of the way, sit down, and start putting in those numbers. Don't expect to be able to finish your budget in one go; you may need to save it and come back to it another time.

#### • GET REAL

If you did the one-week spending challenge last week, dig out your notes and have a look through them. Use the information as you start to create your budget. Are you including in your budget everything you wrote down during your spending challenge week?

#### • ASK YOURSELF WHY

As you go through your spending, ask yourself whether there are any things you spent money on that, looking back, you are asking yourself 'why did I buy that?' If so, put a tick against them and add up the total amount you spent on these items. Then multiply that number by 52 weeks in the year. That's how much money you could potentially save per year if you didn't buy those things you now slightly regret buying. So if you're thinking there are no savings you can make in your budget, why not start by looking again at your 'why' items!

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# Section Two

The notes in this section are to help you as you put into practice the things we talked about during the Money Course. It contains extra material which will be helpful as you start on your budgeting journey.

# Getting started

## What is a budget?

A budget is simply a plan to get on top of our finances. There's no great mystery to it – it's just a tool to help us see where our money comes from and how much we spend. A budget is not a way of beating ourselves up about how little money we have. Nor is it a way of helping us get everything we want – it can't work miracles! Instead, it's just a way to prioritise what we have, and to make sure that we are in control. It's a way of making sure that our spending is affordable – that we are living within our means, not beyond them. But it is not easy. It requires effort. Working out why you're creating a budget and what you want to get out of it will help motivate you to get started and to keep going when things get tough.

## What are you worried about?

Budgeting may seem scary. But the excuses we make to ourselves for not budgeting are exactly the reasons why we need to budget! These excuses may well include some (or all) of the following:

- **Do you think there's just no point, that your situation can never be resolved whatever you do?** Whatever our situation, all of us have choices – and although those choices get fewer as our income gets less, there are steps all of us can take, and a working budget is the first of those steps.
- **Do you feel it will just take too much time and effort to create a budget?** Effort, certainly, but not 'too much', surely? If you have come on this course, there must be something about the state of your finances you want to change? Surely that's worth the effort!
- **Perhaps you don't know where to start or how to go about it?** Well, this course will take away that excuse!
- **Are you worried about what your budget might reveal about the state of your finances?** How can you address something if you don't know about it? A budget is the first step – only once we understand the situation we're currently in can we take steps towards doing something about it.
- **Are you worried you might have to change your lifestyle?** But isn't that the point? Whatever changes you make, it will still be your lifestyle, but hopefully one over which you now have more control!

## Why is it so important to have a budget

### in place?

- Worrying about money is not good for us! That may be an obvious thing to say, but many of us can end up making ourselves ill if we feel that our money situation is out of control - one GP even coined the phrase 'Money Sickness Syndrome' to describe it. But when we start making our own budget, we start the process of taking back control. Even though it can be a bit uncomfortable, getting everything 'out in the open' by including it our budget, we can start to make plans to 'cure' us of our worries. It's a very important step.
- Because without guidance we can all too easily just wander into financial trouble without realising it. By the time we see trouble arriving, it's often too late – unless of course we have a plan in place.
- It gives us back choice! By starting with an accurate picture of where we are now, we can start to make choices about where we would like to be.
- It helps us make plans for the future and realise our goals so that we stay in control.
- It helps us think about how we spend our money and what we might be able to save.

## Time to talk?

If recent research is to be believed, couples who are in a relationship find talking about money with each other incredibly difficult.

In fact, a third of couples admitted to arguing whenever they tried! And yet, as difficult as many of us find it, talking with your partner about your money is absolutely vital. In fact, it's one of the keys to a successful relationship.

If you are struggling with money, then it shouldn't just be left to one partner to sort out – this is something that affects both of you, and so both of you need to be involved in sorting it out. That means both partners need to feel they are included and have a say in what happens. And if you're not in a relationship, there may still be people you should be speaking to.

If you have children, then depending on their ages, they can be involved too. Talk to your children about what's going on. Help them to understand more about your situation, and involve them in the solution.

# Building your budget

This is where the rubber meets the road. Time for the planning to stop, and the action to start! It might seem daunting, but often getting started is the hardest bit of all – so once you get going, it should become easier.

The best place to start is with the Money Course Budget Builder. Find it online at [budgetbuilder.themoneycourse.org](https://budgetbuilder.themoneycourse.org), or download the app to use on your phone or tablet – search for 'Budget Builder' in your app store to find it.



Look back at pages 10-11 which go through the 6 steps to building your budget.



## Things to think about when preparing your budget

The following sections highlight some things to think about when you are preparing your own budget:

- Joint Budgets (page 40)
- Dealing with irregular or fluctuating income (page 40)
- Budgeting if you are self-employed (page 42)
- Dealing with one-off income (page 44)
- Dealing with bills that have unusual payment frequencies (page 44)

## Joint budgets

**If you are married or living with a partner, should you do separate budgets or a joint one?**

If you are living with a partner or have children, your budget should cover your whole household. You can have separate budgets for each individual if you want to, but you must have an overriding budget that covers everything you spend as a couple/family.

## Dealing with irregular or fluctuating income

**How do you budget if your income goes up and down each month, for example if you are self-employed, your benefits fluctuate or you work irregular hours?**

Dealing with income that changes from month to month is one of the most difficult things to cope with in a budget, and we can't pretend there are any easy answers. But there are a few things you can do to help:







**1 Work out your income for an average month.** You can do this a number of ways, but the easiest is simply to look back at your income over the last six to twelve months, and divide the total by the number of months. So if you received £3500 in the last six months, your average income would be £583 a month. In other words, think of it as 'paying' yourself a fixed salary each month.

It's a good idea to use a figure slightly less than the average in your budget, so you 'under-estimate' your actual income to give yourself a bit of a buffer. So in the example above, you might use £560 a month as your budgeted income figure.

**2 And when your income is lower** than the amount you've used in your budget, hopefully you will be able to draw on the surplus you've set aside from the 'good' months.

If that's not enough, you should use the spending list you created above to prioritise your spending so that the most important things get paid first, and it's only the less important things that suffer if the money runs out.

**3 Prioritise your spending.** Once you've completed your budget, go through each of your items of spending, and rank them in order of importance. So your rent might be first on your list, council tax second, electricity third and so on; all the way down to snacks or one-off treats.

**4 Then, when your income is higher** than the average 'salary' figure you've used in your budget, you need to set aside the surplus into a separate bank account (see the section on Piggy Banking later). You can then use this surplus to subsidise your income in those months where your income is less than your average.

**5 Spend according to your budgeted 'salary', not your actual income.** Whatever figure you use, the most important thing is that you get into the habit of spending only up to your budgeted income each month, not up to the actual income received if it is higher.

## Budgeting if you are self-employed

Being self-employed has many great advantages, but it can make budgeting more difficult if your income changes each month. Although there are no easy solutions, the tips below, in addition to all the tips we've already covered, should help you manage your self-employment more easily.

- **Do a business budget.** The need to budget becomes even more important if you are self-employed, and it is a good idea to keep a business budget which is separate from your personal budget. Depending on the type of your self-employment, it doesn't have to be a complicated budget, but it should allow you to plan for (a) allowable business expenses, and (b) tax. From this, you can work out what is available to you as a salary.

- **Open a business account.** It's a good idea to open a separate bank account for your business. You can pay in all your income, and use it to pay your business expenses. Not only will it look more professional to your customers, it will help keep your business expenses separate from your personal spending which will make things easier to manage.

- **Don't spend it all at once – give yourself a regular wage!** Sometimes the best advice still rings true from childhood; remember blowing all your pocket money on sweets in one go? To save yourself the financial toothache, hold back from splurging your hard-earned cash the moment it hits your bank account. We're not saying that's easy - receiving lump sums of money are a real test of self-discipline!

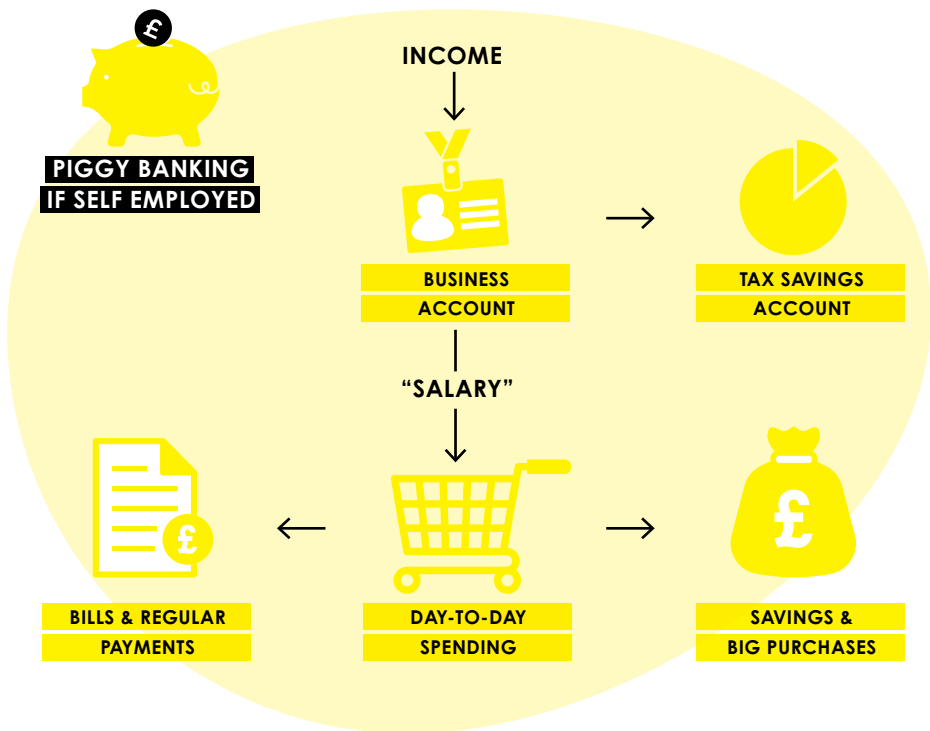
One of the most important things you can do is to try to give yourself a regular income rather than simply spending the money as it comes in. In the section on coping with irregular income, we talked about the idea of estimating an average monthly income and then undercutting that amount slightly – and then using this amount as your budgeted income. Then, in the months you receive more than your budgeted income, you set aside the 'surplus' and use that surplus during those months when you receive less than your budgeted income. Hopefully, even though your actual income might vary, there's more chance that your self-imposed 'salary' will remain the same.

One way to make this simpler is to expand your Piggy Banking system...

• **Expand your Piggy Banking system.** The same principles we have covered before still apply – dividing up your spending into more manageable chunks makes things a lot easier. Being self-employed, however, gives you a few more things you need to consider, and so the beauty of the Piggy Banking system is that it can be expanded to deal with them.

The best suggestion is to add in two extra bank accounts into your Piggy Banking system so that you have 5 accounts in all. That might seem like a lot, but it's easier than it sounds, and will get even easier with practice.

The first step is to use your Business bank account as a 'holding' account. In other words, all your self-employed income is paid into your Business account. Based on what you have worked out as your 'salary', you can pay this amount into your Day-to-Day account as normal, leaving any surplus to build up in your Business account as well as enough to cover your business expenses. In addition, it is a good idea to have a separate account for your taxes...



More information about Piggy Banking on pages 23-26 & 50-51.

- **Save up for your taxes every month!**

Saving for your taxes is an absolute must! It can be easy to kid yourself that you won't have to part with any of your earnings, but the best way to avoid a shock is to start saving early. Try saving monthly, or if your income is too irregular, you could put aside a percentage of each income payment towards your due tax bill. You could also try using the HMRC Ready Reckoner Tool ([www.gov.uk/self-assessment-ready-reckoner](http://www.gov.uk/self-assessment-ready-reckoner)) to help you work out how much you'll need to be saving.

Use your Piggy Banking system to pay the amount each month into a separate Tax account so that you have enough money set aside. However you do it, we cannot stress enough the importance of saving a reasonably close estimate of your tax and to start saving ahead of time!

- **Think of savings as a fixed expense**

There's another thing you don't have when you're self-employed - sick pay! So it's even more important when you are self-employed to set aside some savings so that you can protect yourself in an emergency. It may help to think of savings as a fixed expense, i.e. something planned and thought through. Use your Piggy Banking system to put aside something each month, even if only a relatively small amount. Ideally you should be looking to build up a savings pot equal to at least three months' average pay.

- **Keep a record**

It's important to keep a record of all your income and outgoings for a number of reasons; not only can you monitor your income but you can also track your spending habits - items that crop up regularly on your outgoings. Are there cheaper alternatives? Adjusting your spending for even the smallest of items such as stationery can make a difference.

### **Dealing with one-off income**

Think about how to deal with irregular or one-off income! The general rule is if you can't count on it, don't include it in your budget. The danger is if you include income, you will have 'spent' it in your budget, so if the income doesn't materialise, your budget will be short. Better not to include it at all, and then if you do receive it, it will be an extra which you can either save, or use to treat yourself.

### **Dealing with bills that have unusual payment frequencies**

Think about how to deal with unusual payment frequencies. The key for any item in the budget is always to include the amount you actually need to pay each month. So in the case of an annual bill that needs to be paid over eight or ten months, divide the annual bill by eight or ten respectively, otherwise your budget will show an amount you are not actually paying and will not balance. Of course this will mean that for a number of months a year you have payments in your budget that aren't actually being made – happy days, you've created a surplus in your budget for those months that can be saved or spent.

# What about savings?

**What happens if your washing machine breaks down? Are you planning to go on holiday this year? What about Christmas?**

Many people think that they don't have enough money to save anything, but building up some savings is not just about saving for a rainy day, or even just saving as an investment. Savings can also help you realise your future plans by putting aside a small amount each month.

Savings are an important part of planning for the future and are one of the ways in which we can build a buffer of resilience into our budgets so that we are more able to deal with unexpected events.

Of course if you are struggling just to make ends meet today, then it may well feel like it's impossible to put anything aside for tomorrow. It can be really hard to save on a low income and, whatever our circumstances, there will always be times when it is harder to save than others. But the real question should be, can you do more than you are doing now?

Research suggests that getting into the habit of saving something each month, however small, makes it more likely that we'll carry on saving. So think whether you could be more pro-active about putting even a small amount into a savings account each month.

**It might help to think about different types of savings you could consider:**

- **Emergency savings:**  
for things that can go wrong – e.g. broken-down domestic appliances
- **Christmas savings:**  
the pressure to spend at Christmas can make it a very stressful time of year
- **Big purchases:**  
a new car, wedding, holiday
- **Contingency savings:**  
in case we lose our job or fall ill. Although not easy, aim for three months of income
- **Life-cycle savings:**  
for example, having a baby, getting married or divorced, retirement etc

# good principles

Some useful principles for thinking about saving

1

**Save what you can, not when you can't!**

There is no use trying to save more than you can afford

2

**But if you can, do!** The amount you save should be in proportion to your income, so the higher your income, the more you will be able to save

3

**Small is good!** Saving even a small amount is useful, so don't worry if you can't afford more

4

**Start early.** The key to saving is to start early even if you are starting small – so begin today

5

**Slow and steady!** Savings grow best with steady, regular amounts over a period of time. Get into the habit of putting something aside each week/month so you learn to stick at it

6

**Play it safe!** Investing in shares or other financial instruments is only for those that know what they are doing and can afford to lose money. For most of us, a simple savings account with a well-known bank, building society or credit union is best.

# Dealing with debts

Sometimes, our debts can stop our budgets from balancing. The following pages give some useful tips for how to deal with everyday debts within our budgets. But, if you find yourself in serious debt that is causing you real difficulty, you may need to speak to a debt adviser (see page 56).

## Good vs bad debt

Not all debt is bad, but debt can become bad if it's taken on for the wrong reasons. Because of this, some people like to talk about 'good' debt and 'bad' debt.

### 'Bad' debt is:

- firstly, debt that we are forced into because of a change of circumstances; in other words debt we didn't plan for.
- Another way that debt can become a problem is if you are finding that you need to borrow money just to be able to afford your day-to-day living expenses, or if you are constantly borrowing from one place to pay off debt somewhere else.
- And finally, debt can become 'bad' debt if we've not given any thought about how it is going to be repaid, and we haven't fully understood the type of debt we are taking on.

### 'Good' debt, on the other hand, is debt that is:

- For a specific purpose, and not just paying for everyday needs.

- Planned; in other words not something we just fall into.
- Affordable; in other words paying it off in full needs to be a manageable part of your overall budget.
- Savvy; in other words you have researched the most appropriate method of borrowing the money and have shopped around for the best rate.

## Some 'top tips'

### 1. Make paying off your debts a priority in your budget.

Whatever else you consider to be a priority, try to make paying off any debts you have one of them.

### Don't confuse paying the minimum payment with actually repaying your debt – the two things are not the same!

Let's suppose you borrowed £2,000 on a credit card with an average interest rate (25.9%APR), and you only pay off the minimum amount each month...

...it would take you over 25 years to repay your debt and you would pay over £3600 in interest alone!

## **2. Beware of 'soft debt' like credit cards and overdrafts.**

Use credit cards as a convenient way to pay for things, but if you cannot afford to pay off the balance in full each month, cut them up!

If you have an outstanding amount on your credit card, go back to point one, and make paying off the balance a priority.

## **3. Treat your overdraft as a debt.**

It may seem obvious but we sometimes fall into the trap of thinking an overdraft is our money when it is in fact a debt. The budgets you will be drawing up are based on the principle that you only spend what your income will allow, and if that's the case, then you shouldn't need an overdraft! So you need to allocate money

in your budget to pay off your overdraft in the same way you would if it was any other type of loan.

One way to make that process easier is to switch your banking arrangements to another bank rather than continuing to use the account with the overdraft. It can be very difficult sometimes to work out exactly what the state of your bank account is if it's constantly moving from credit to overdraft and back again – or worse still, from high to low overdraft without ever actually reaching credit. And so you may find that moving your banking arrangements to another bank, and starting afresh as it were, might help. You can then treat your old overdrawn account as simply another debt, and pay it off in instalments just like a loan.

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### **How to pay off your debt**

So if your new priority is going to be to start to tackle any debts you have, you need to come up with a plan.

The first step is to draw up your budget, and include within it just the minimum payment for your debts – and see what effect that has on your budget.

Now your aim, of course, is to pay more than the minimum payments so that you can actually start to reduce your debts; but by just including the minimum payments in the budget to start with, you can identify what surplus you have available in order to pay over and above your minimum payments.

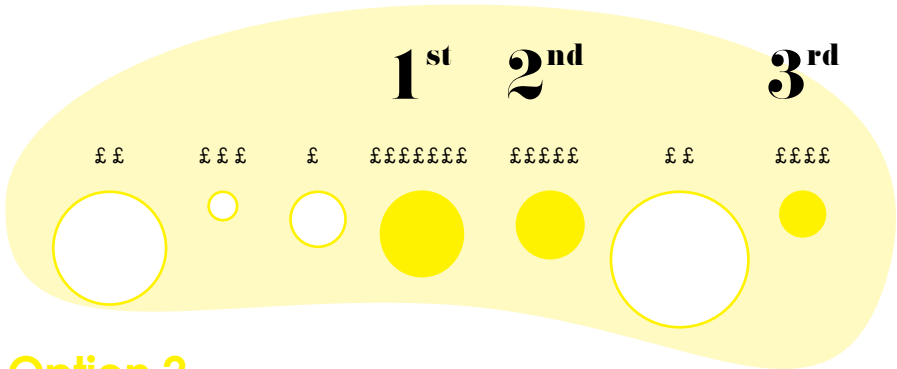
You can then go back to your budget and add in your surplus against your debt payment. And of course if you don't have a surplus in your budget first time around, your aim should be to use the ideas we've talked about previously to try to create a surplus, and therefore pay off your debts faster.

And if you're going to start to pay off your debts, do it in a logical way. Rather than use your surplus to pay a little bit towards each debt, why not concentrate your extra payments towards one debt first, so that you pay it off in full. And once that debt is cleared, you can then put all that money towards the next debt, and so on – of course you need to remember to pay at least the minimum payment on any other debts whilst you're doing this.



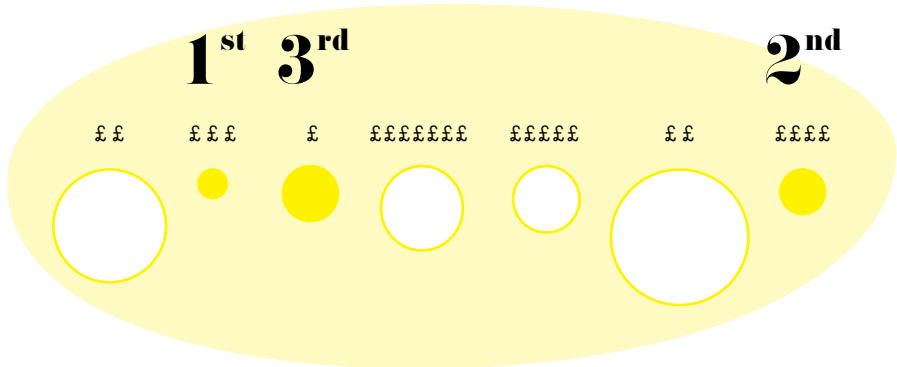
# Option 1

Establish which of your debts has the highest interest rate, then use any extra cash to pay off that debt first. Once that debt is paid off, move on to the debt with the next highest interest rate, etc., until they are all paid. This has the advantage of saving you money as you clear the most expensive debt first.

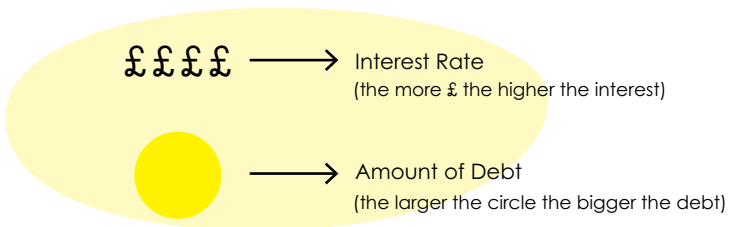


# Option 2

Alternatively, use your spare cash to pay off the smallest debt first. In that way, you can pay off one debt more quickly and have the satisfaction of ticking one whole debt off your list, before turning to the next smallest debt, etc. It may not be as efficient financially as the first scenario, but it may feel better.



But whichever strategy you choose, the key is to make paying off any debt your priority.



# Piggy Banking

Piggy Banking is one of the most important things you can do to help you manage your money. As well as the notes in Section 1, the following are some extra pointers to help you get up and running:

## Setting up your three bank accounts

You may think that having three bank accounts is too difficult – after all, managing one bank account can be hard enough. But fear not! It doesn't have to be complicated. Piggy Banking is a completely different way of organising your finances and so we would strongly encourage you to get your three accounts up and running so that you can use Piggy Banking to its full potential – it will be worth it!

For each of your new bank accounts, all you need are very simple cash or basic accounts that are free to use and which you can pay money into and make payments from. You may also want a debit card so you can make payments in shops or online.

If you want some help with opening a bank account – particularly if you don't have a bank account at the moment – or if you discover that you really can't open your new accounts, there is lots of useful advice on the MAS website: [moneyadvice.service.org.uk/en/articles/basic-bank-accounts](https://moneyadvice.service.org.uk/en/articles/basic-bank-accounts)

If you already have a main bank account, then it's probably easier to turn this account into your Bills and Regular Payments account as it's likely that any bills you are already paying come out of this account, so you won't need to move them.

Unless you already have a second bank account, you will need to open a new account that will become your Day-to-Day Spending account, into which your income will now be paid (you will need to inform your employer or the benefits department of this change if you are paid via bank transfer).

Likewise, if you already have a savings account, use that. If not, then you'll need to open a new savings account as well.



## Setting up standing orders

### The difference between Direct Debits and Standing Orders

- **Direct Debits** give a company permission to take money from your bank account on an agreed date.
- **Standing Orders** give the bank an instruction to pay an exact amount to another account regularly. **You can use them to move money between your own accounts;** for example, if you want to pay a set amount each month into a savings account.

### How do you set up a standing order?

- You can set up standing orders from current accounts and most basic bank accounts. Some prepaid cards or credit union accounts can also be used for standing orders but Post Office card accounts cannot.
- You can complete a standing order form and give it to your bank. You'll need the **account number** and **sort code** of the account you're paying.
- With some banks and building societies, you can set them up online or over the phone.
- You can also cancel a standing order at any time, or change the amount, payment date or how often they're paid.
- Banks don't charge you for setting up standing orders.

## Using cash as a budgeting tool

One tip we've already talked about is to consider using cash. Contrary to popular belief, all stores do still accept cash as a method of payment!

So if you think you'd benefit from having even greater control over what you spend day-to-day then ...

**Draw out the amount of cash you need for the following week based on your budget ... and use only that cash during the week.**

### The benefits are:

- You will be able to see instantly how much money you have left at any point in the week.
- It will instil in you a much healthier spending discipline.
- You will find it much easier to keep within your budget.

For those purchases which can't be made by cash – for example internet shopping – then feel free to use a card, but be disciplined about how you use it, and make sure you keep within your budget.

And we would encourage you to use a debit card rather than a credit card. With a debit card, the money is taken directly from your account and so in effect is the same as withdrawing cash. Don't be tempted to put your day-to-day spending on credit.

# Start your real life

So far, everything we've talked about on the Money Course has been about the practical steps we can take to manage our money better. But when it comes to managing our finances, our attitude towards our money – our mental wellbeing – also plays a huge part.

Sometimes we think of wellbeing in terms of what we have (or don't have): our income, our home, our possessions. But actually, all the evidence shows that what we do and the way that we think have the biggest impact on our mental wellbeing. And that's certainly true when it comes to what we do with our money.

**The NHS lists five 'evidence-based' steps all of us can take to improve our mental wellbeing – connecting with others, exercise, learning new skills, mindfulness, and giving.**

One of the key elements of mindfulness is the idea of learning to live in, and be at peace with, the moment, and being content with what we do have, rather than focussing on what we think we're missing out on. This idea of **contentment** is often challenged nowadays by our use of social media, which is full of seemingly perfect people with seemingly perfect lives, 'having it all' - and can induce a real FOMO - fear of missing out! - in many of us.

Research suggests that those who use social media a lot often have lower feelings of self-worth, and are less happy, than those who don't. Comparison really can be the thief of joy! And until we learn to be content, and not to keep comparing ourselves or wanting something different, the danger is that we'll always have this niggling feeling of dissatisfaction, which probably is not healthy.

The second attitude which can contribute to our positive mental wellbeing is **gratitude**. Studies involving participants keeping 'gratitude journals' - recording things they feel grateful for each day or week - show that they demonstrated a measurable rise in personal happiness, compared to control groups who didn't take the time to think about what they were thankful for.

In other words, the conscious effort to recognise and acknowledge the many things we can be grateful for - linking to the attitude of contentment, and being at peace with what we have - can have a profound effect on our overall wellbeing. And like contentment, learning to be grateful is not a new idea - giving thanks is integral to much ancient philosophy and most major religions. But it may be something that we have lost the habit of in our modern world. So perhaps you'd like to keep your own gratitude journal - or maybe just consciously think about the things you have to be grateful for each day. If this is something that can make us feel happier and healthier, as the research suggests, surely it's worth a go!

The last attitude to highlight here is **generosity**. Most people would agree that giving to others is a good thing – but it appears it is also good for your health. Research shows that acts of kindness towards other people, such as volunteering, or being generous with your money, can stimulate the reward areas in our brains, creating positive feelings.

Helping others can also give us a sense of purpose and feelings of self-worth and can help us strengthen our relationships and build new ones, which in turn improves our mental wellbeing. So whilst you are dealing with all the practical steps of getting your finances back under control, perhaps it's worth taking a moment to think about what,

if anything, you can do to practise generosity in your daily life.

That can be as simple as saying thank you to someone who has helped you. Or phoning a friend or relative who needs support and offering to lend a hand. But it should also involve your money if possible.

### Ways to be generous with our money

Generosity is about so much more than simply giving money – being generous with our time, resources, hospitality, skills and affection are so much more important, and often more 'costly' to us than simply giving money. But that fact should not detract from our responsibility to be generous with our money as well.

To be serious, our financial giving needs to be:

- **Planned:** we decide in advance what we will give.
- **Priority:** a first call on our expenditure, not a last thought.
- **Proportional:** we should give in proportion to our income and lifestyle - we give from what we have, not from what we don't have (which is why we suggest that it is not usually appropriate to borrow money in order to give).

### Ways to give

#### Give online

Almost all charities will have a giving page on their website which will enable you to give directly online, either as a one-off gift, or a regular donation each month.

#### Set up a regular gift

An easy way to give regularly is to give directly via a standing order from your bank account each month. Charities really value regular gifts as it helps them plan and is a very important funding source for most. Once set up, the money goes out of the bank automatically, so you don't need to remember to do anything, and it is easy to change if necessary

#### Payroll giving

If you're in work, 'payroll giving' is a good way to give to charity on a regular basis. The money comes out of your pre-tax salary and can go to any charity you choose. Your employer will need to have an arrangement with a payroll giving agency – the biggest of these is Give as you Earn (see [cafonline.org](http://cafonline.org)). Speak to your employer about setting up a scheme.

### **Start a giving circle / giving group**

If you've ever been in a book group, you would probably enjoy a giving circle. Giving circles or groups can be small and informal, with a few friends or colleagues coming together to pool their gifts and donate them to a chosen charity. You can have fun researching and talking about where you should give and how your donations can have the biggest impact.

### **Set up a charity giving account**

A charitable giving account is like having a separate bank account specifically for your giving and really underlines the importance you attach to giving. You pay money into the 'account' and can then make donations to any charity you choose. Organisations like [stewardship.org.uk](http://stewardship.org.uk) and [cafonline.org](http://cafonline.org) operate charity accounts and can reclaim Gift Aid for you (if you are a taxpayer) which will make your gifts go further.

### **Give as you shop!**

There are a number of websites that enable you to give as you shop online. You simply buy from your favourite retailers in the normal way and they donate a small percentage of your purchase to your favourite charity, at no cost to you. See [easyfundraising.org.uk](http://easyfundraising.org.uk), [giveasyoulive.com](http://giveasyoulive.com), [thegivingmachine.co.uk](http://thegivingmachine.co.uk).

### **Buy goods and presents direct from charities**

Many charities now sell gifts online and of course there are many charities that have their own shops. Try Oxfam, Sue Ryder, and the British Heart Foundation, among others.

### **Set up a legacy**

Leaving a gift to a charity in your will (a legacy) is a great way for your giving to live on and is a tax-effective way to give. Find out more at [rememberacharity.org.uk](http://rememberacharity.org.uk).

### **Give your time**

It's not all about money - often your time and skills will be more valuable to a charity. Visit your preferred charity's website to find out how you can support them as a volunteer, or visit sites that can help you get involved such as [do-it.org](http://do-it.org) and [www.ncvo.org.uk/ncvo-volunteering/i-want-to-volunteer](http://www.ncvo.org.uk/ncvo-volunteering/i-want-to-volunteer)

# some ideas for increasing your income

Here are a few practical ideas for how you could increase your income:



Is there an opportunity to do some overtime at work or even negotiate a pay rise? This is easier said than done, but if you don't ask you may not get! Could you consider a second or weekend job?

If you have a spare room, you could consider renting it out to a lodger: [gov.uk/rent-room-in-your-home](https://www.gov.uk/rent-room-in-your-home). Or perhaps you have a driveway or parking space you could rent: [justpark.com/about/rent-your-space](https://www.justpark.com/about/rent-your-space).



Hobbies can often be business opportunities waiting to happen. For example, card making, cake baking or sports training. Could you give music, language or computer lessons?

You can get cashback by using [topcashback.co.uk](https://www.topcashback.co.uk) when shopping online - but make sure you need to buy the product in the first place!



If you have non-dependent children living with you who are earning a wage, perhaps it's time to ask them to start contributing to the household budget?

Do you have anything you no longer need that you could sell? Why not make yourself a resolution that for every new thing that comes into the home, something old must be sold or got rid of: [ebay.co.uk](https://www.ebay.co.uk) or [gumtree.com](https://www.gumtree.com)

If you have old electronics such as a mobile phone or computer, you might be able to sell it. Many companies will now buy them for cash – search online.



Are you entitled to any welfare payments or benefits? Visit [entitledto.co.uk/benefits-calculator](https://www.entitledto.co.uk/benefits-calculator) for a free self-assessment.

# some tips for reducing your spending

## CHILDREN

Make sure you read [gov.uk/childcare-parenting](https://www.gov.uk/childcare-parenting) for all the help and services that are available to those with responsibility for children. There is information on child maintenance, breakfast clubs and free school meals.

### Workers' rights for parents and carers:

Facing barriers at work due to caring responsibilities? [Workingfamilies.org.uk](https://www.workingfamilies.org.uk) has lots of useful information on this topic.

**Food vouchers and vitamins** are provided by [www.healthystart.nhs.uk](https://www.healthystart.nhs.uk) for expectant and new mothers of children up to four years old, on a low income.

**Child Maintenance Options** is a free service that provides impartial information and support to help separated parents make decisions about their child maintenance arrangements: [gov.uk/making-child-maintenance-arrangement](https://www.gov.uk/making-child-maintenance-arrangement)

## CRISIS

**Foodbank:** You often need to go through an advice agency to obtain a voucher, but the foodbank can advise if you are unsure: [Trusselltrust.org](https://www.trusselltrust.org)

**Credit union:** If you're in a financial emergency, you can approach a credit union who will be able to advise you on

the most cost-effective way to borrow money, and give other related advice. They are much more sustainable and affordable than high street lenders: [findyourcreditunion.co.uk](https://www.findyourcreditunion.co.uk)

**Debt advice:** [capuk.org](https://www.capuk.org), [stepchange.org](https://www.stepchange.org), [communitymoneyadvice.org](https://www.communitymoneyadvice.org), [nationaldebtline.co.uk](https://www.nationaldebtline.co.uk)

**Bereavement:** If you're on a low income, you can sometimes get help with the cost of a funeral: [gov.uk/funeral-payments](https://www.gov.uk/funeral-payments)

**Grants:** It is sometimes possible to get grants to help with certain costs. [turn2us.org.uk](https://www.turn2us.org.uk) has a list of providers.





## OTHER BILLS

**Council tax:** have you spread your council tax bill over 12 months, rather than the standard ten? This will make budgeting easier – contact your council. There is also a 25% discount if you are the only eligible adult in the household.

**Water:** use the water meter calculator to see if you can save money by going onto a water meter: [ccwater.org.uk](http://ccwater.org.uk)

Most water companies have special schemes that can cut your bills if someone uses a lot of water because they are ill, or if you are on a low income. There are even grants available which could pay off any arrears.

Search online to find out what your provider can offer.

## MIND GAMES!

**Recognise the psychological tricks** employed by shops. They want you to stay in their store as long as possible so you'll be tempted to buy more. So don't use in-store cafes. Avoid going into a shop just to 'browse' – go in only when you really need something.

**Giving it thought** – never buy a big item the same day you see it. Always sleep on it and see if you feel the same way about it the next day.

**Shop around** – make a resolution to always check three different shops/sites before you buy anything big. Not only might you find a better price, but you may change your mind by the end of the process.

## TRAVEL

**Train tips:** for cheap rail travel try [raileasy.co.uk](http://raileasy.co.uk). Or split your fare at [moneysavingexpert.com/split-cheap-train-tickets/](http://moneysavingexpert.com/split-cheap-train-tickets/)

Railcards can save you 1/3 on certain tickets. On more expensive trips the railcard can pay for itself in one journey: [railcard.co.uk](http://railcard.co.uk)

Jobseekers can sometimes get a discount on local travel; check at your local job centre.

**Car clubs:** do you need a car? Can you walk/ cycle/ use public transport? Have you considered car sharing instead of owning? e.g. [zip-car.co.uk](http://zip-car.co.uk)

**Cheapest fuel:** check out [petrolprices.com](http://petrolprices.com) for the cheapest fuel in your area.



**moneysavingexpert.com** is an excellent all-round money-saving website. Find lots of tips, ideas and offers as well as a regular money saving newsletter.

## MORE MONEY SAVING IDEAS

**Use cash** – handing over a fistful of notes is a lot more difficult than simply handing over your plastic card. Work out your cash budget for the week and get into the habit of withdrawing just that amount. See the piggy banking section on page 50 for more details on working out your disposable income.

**Insurance** – always shop around when annual policies like phone & insurance come up for renewal; use comparison websites for the best deals. Never just renew with the same provider: **moneysupermarket.com**, **gocompare.com** or **confused.com**

**Shop second hand** – Try **gumtree.co.uk** or **ebay.co.uk**. Or even get it free: **freecycle.org** or **ilovefreecycle.org**. Also, don't forget your local charity shops for picking up great bargains.

**Health** – if you are getting prescriptions four or more times every three months, it is cheaper to get a prepayment certificate: **gov.uk/get-a-ppc**

For those on a low income, you can get help with prescription and other health costs. Go to **www.gov.uk/help-nhs-costs**

## MOBILE PHONES & LANDLINES

Visit **moneysavingexpert.com/mobiles** for some great tips for saving money on your mobile phone expenditure.

**Switch to SIM** – switch to a sim-only tariff once you are out of contract, and have paid off the handset, for much lower monthly charges.

**Check social tariffs** – if you're struggling financially or have a disability that makes using a landline difficult or necessary, speak to your provider. It may have a social tariff that will minimise the cost of using your landline.

**Switch supplier** – check your contract is the best available. There may be big savings possible through switching phone companies: **uswitch.com** and others.

**Pay by direct debit** – most phone companies will charge extra for payment by cash or cheque.

**Avoid premium phone numbers** – go to **saynoto0870.com** to find an alternative.

**Go paperless** – switching to paperless billing may save some money.

**Use the web** – talk to someone for free using software such as **skype.com** or **zoom.us**. Or send free messages, pictures and voice clips via **whatsapp.com**

**Check the contract** – are there costly extras in the package that are not needed?

**Expensive package** – do you have an expensive 'unlimited anytime' package that you don't really need?

**Switch tariff** – does your provider have a cheaper package that more closely fits your usage?

## BANKING

Interest rates change regularly so check your bank is offering you a good rate. If not, consider changing your bank or savings accounts. The same applies for ISAs or investments if you have them – never be afraid to switch. Visit [moneyfacts.co.uk](https://www.moneyfacts.co.uk) to compare banks and savings.

## GAS AND ELECTRICITY

**Switch supplier!** The biggest savings are made if you shop around for your gas and electricity. You don't need to stay with the same supplier, and the average household can save up to £130 a year by switching. It's easy, and can be done online in just a few minutes. You should be thinking about switching supplier at least every couple of years, sometimes more often: [Uswitch.com](https://www.uswitch.com)

**Switch to Dual Fuel!** – it's usually cheaper to get your gas and electricity from the same supplier rather than a separate supplier for each.

**Switch to Direct Debit** – most suppliers give discounts if you pay by Direct Debit. It will also help you by spreading your bills over a year rather than having to pay different amounts each quarter.

**Switch off standby** – you can save around £30 a year just by remembering to turn your appliances off standby mode. Almost all electrical appliances can be turned off at the plug without upsetting their programming (although some satellite and internet devices may need to be left plugged in).

## Creating your own budget

Use our online Budget Builder, or the app, to create your own budget so that you can see where your money is going. This will help you plan for the future and live within your means: visit [budgetbuilder.themoneycourse.org](https://www.budgetbuilder.themoneycourse.org).

**Careful in your kitchen** – you can save around £50 a year just by using your kitchen appliances more carefully:

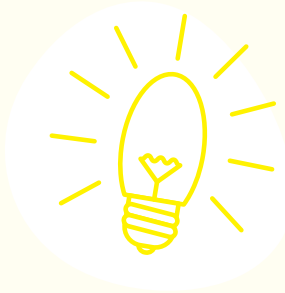
- Use a bowl to wash up rather than a running tap and save £30 a year in energy bills.
- Only fill the kettle with the amount of water that you need and save around £7 a year.
- Cut back your washing machine use by just one cycle per week and save £5 a year on energy, and a further £8 a year on metered water bills.

**Get a head** – If you've got a shower that takes hot water straight from your boiler or hot water tank (rather than an electric shower), fit a water efficient shower head. This will reduce your hot water usage while still being a powerful shower and could save a four-person household up to £67 a year. Many water companies provide shower heads for free.

**Short showers** – spending one minute less in the shower each day will save around £10 off your energy bills each year, per person, and a further £10 off annual water and sewerage bills.



**Draught excluder** – unless your home is very new, you will lose some heat through draughts around doors and windows, gaps around the floor, or through the chimney. Draught-proofing of windows, doors and blocking cracks in floors and skirting boards can save £25 to £35 a year on energy bills.



**Take control of your heating** – more than half the money spent on fuel bills goes towards providing heating and hot water. Having a room thermostat and thermostatic radiator valves installed could save you between £80 and £165 a year. Even turning down your room thermostat by just one degree can save between £85 and £90 a year.



**Turn off lights** – turn your lights off when you're not using them. If you switch a light off for just a few seconds, you will save more energy than it takes for the light to start up again, regardless of the type of light.



## FOOD

### When shopping:

- Plan your meals ahead. Write a shopping list – and stick to it – to avoid unnecessary impulse buys. Shopping online can help resist the temptation to buy spontaneous products. But watch out for delivery costs. **Latestdeals.co.uk (also available as an app)** is a useful website for comparing supermarket prices.
- Don't go shopping if you're hungry, you will buy more!
- Is the supermarket own brand cheaper? Can you really taste the difference? Many 'basics' ranges are just as good as the more expensive brands.
- Take advantage of vouchers and loyalty points, but make sure you were definitely going to buy the product anyway.
- When in a supermarket, use a basket rather than a trolley – the temptation is to fill a trolley!
- Watch out for useless offers! Is '3 for 2' really good value when you only need 1?

### At Home:

- Supermarkets now tell you the cost by weight (for example £/kg), so you can quickly tell how much difference it makes to buy a bigger quantity. If some products are much cheaper in bulk, then cook double and freeze the leftovers, or take it for lunch the next day. Be careful not to over-buy on perishable goods.
- Don't assume food has gone off if it is past its 'best before' date. Smell it, taste a bit – it's probably fine. 'Use by' dates are different.
- Leftover veg that don't look very appetising are perfect for a soup or quick stew.
- Do you often buy a coffee while out? Do you really need it? Think how much you could save making one at home and taking it with you.
- Aim to make your own lunch and take it to work. How about linking up with a colleague or two and making lunch for each other one or twice a week?

### Recipes and advice:

- **Lovefoodhatewaste.com** – great tips for saving money and using up leftover food
- **Cookingonabootstrap.com** – full of super cheap recipes and tips on saving money across the home
- **Thriftylesley.com** – costed recipes and meal plans

## ABOUT THE MONEY COURSE

The Money Course is a basic budgeting and money education resource designed to help anyone take back control of their own finances. The course looks at our relationship with money as well as providing practical tips to help with budgeting. All resources are available on our website – **[themoneycourse.org](http://themoneycourse.org)**.

The Money Course was first developed by Holy Trinity Brompton Church in London and subsequently published by Alpha International in partnership with Stewardship. Today, the Money Course is part of Crosslight Advice, a debt and

money advice charity working to support those suffering in poverty and hardship as a result of debt and lack of financial capability.

Although it may not be apparent, all of the underlying principles of the Money Course are based on the down-to-earth practical wisdom of the Bible. If you'd like to know more about what the Bible has to say, you may want to consider going on an Alpha course and taking the time to ask some of life's biggest questions – **[alpha.org](http://alpha.org)**.





**crosslight**  
advice

