

 BARCLAYS

**money
skills**



Resource Pack

money skills

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About Barclays Money Skills

The Barclays Money Skills programme supports and develops people's financial capability, primarily focusing on young and vulnerable people. The programme aims to help participants gain skills, knowledge and confidence to make informed financial decisions.

Barclays Money Skills is delivered in partnership with a range of organisations across the UK and each project provides innovative ways to support people in developing essential skills such as budgeting and managing debt.

Barclays Money Skills is delighted to be working in partnership with Business in the Community to develop this resource, which has been specifically designed to help people who have experienced homelessness or who are vulnerably housed.

About this resource

We aim to support workers who work with:

- People who are homeless or who have experienced homelessness.
- People who are making or have just made a significant transition e.g. moving from a hostel into supported accommodation.
- People who are returning to work after a period of unemployment.

When it comes to money, changes in circumstances like moving home or starting a new job can often be stressful, so getting the facts is a good place to start.

There are five information sections to support your work with service users on a range of money topics. You can work through each section or pick and choose topics that are relevant. Each section has an accompanying 'tips to take away' summary sheet that can be easily photocopied for service users.

We want to help you support service users to:

- think about money and finances
- understand financial words and products
- look at ways to manage money
- plan for good money management now and in the future
- find help and advice about money

This pack is a starting point for helping service users find ways of managing their money that are right for them. It is only a guide and it is recommended that people seek further advice from the suggested sources in this resource or other people before they make any decisions that affect their money.

Budgeting

It all starts with budgeting

A budget helps you work out if you are spending more than you earn and plan for how you are going to spend your money. It's useful for making sure that you don't spend too much at the start of each week or month, and then have nothing left at the end. Using a budget can help you stay out of debt, pay for the things you really need and save for the things you really want.

Budgeting is not just useful for your current situation, it can also help you plan for the future and make decisions about jobs or accommodation.

Budgeting

How to budget

Using a budget planner, write down all the things you will be spending your money on in the week ahead.

Think honestly about where your money will go. You could think about:

- essential and regular commitments (i.e. rent and bills etc)
- everyday spending (i.e. food, bus fares, magazines etc)
- occasional spending (i.e. clothes, meals out and birthday presents etc)

Add up the cost of everything on the list. Is it more or less than the money coming in?

What if you had to budget for a longer period, like a fortnight or a month? What other things would come up? Changes like moving into your own place or starting work may mean dealing with rent and wages on a monthly basis. If you've been used to getting your money and paying for things weekly or fortnightly, it can be difficult at first to make your money last until the end of the week or month. Budgeting is a really good way to help plan for this change.

Budget Planner

Use this sheet to help you budget for a week. Just fill in the boxes that apply to you. You will need to work out the weekly cost of things like bills that come in every month or three months. You could use a calendar or diary to help you work out and divide up your payments.

Be as honest as you can about all the money you have coming in and going out. You don't have to show your budget to anyone if you don't want to, but it can be useful to get help to fill it out.

Remember.....review your budget regularly

You may find that you're able to save more money than you thought, or you may need to make more cutbacks to be able to afford all your bills. Look at the Managing Your Money section for information on how to keep track of when and where your money is coming in and going out.

👉 Look at the **Making Money Decisions** and **Understanding Debt** sections of this resource for more information on budgeting.

There are useful calculator tools online you can search for these online at the following websites:

Money made clear www.moneymadeclear.fsa.gov.uk

This is quite a simple budget calculator which should take about five minutes to complete.

Money Saving Expert www.moneysavingexpert.com

These budget planning tools are a lot more in depth, so they'll take a bit longer to fill in but will give you a clearer picture of what you are spending.

Money going out

Regular commitments

Rent/housekeeping money	
Council tax	
Gas bill	
Electricity bill	
Water bill	
Phone bill	
Credit card bill	
Loans	
Insurance	
Savings	
Other	

Everyday spending

Travel	
Food shopping	
Childcare	
Going out	
Other entertainment (e.g. DVDs)	
Toiletries	
Sport (e.g. swimming/exercise)	
Cigarettes	
Car maintenance and petrol	
Other	

Occasional spending (e.g. clothes, birthdays)

Total spending	
-----------------------	--

Money coming in

Income

Wages	
JSA / ESA	
Income support	
Housing benefit	
Part-time job	
Money from family	
Other	
Total Income	

Money left

Subtract your total spending from your total income.

Total income
– Total spending
= Money left

Remember, if you end up with a minus number (e.g. - £12) you've gone over budget.

What to do if you're over budget

First of all, don't panic! Working out your incomings and outgoings is just the first step on the way to understanding and managing your money better. However, if you're spending more than you earn this can lead to big problems, so it's important to take the next step – making savings to live within your means.

Look at what you're spending most on. The most expensive and essential things are usually rent, bills and food. There may be ways to save money on some of these things:

- If you've got a mobile phone, are you on the best deal?
- Could you do one big weekly shop at cheaper shops or markets, instead of buying food everyday?

- Can you walk or cycle, instead of getting the bus or driving?
- Could you pay your utility bills by direct debit? Or switch to another provider?
- If you need furniture or appliances, can you find anything second hand in local charity shops, through local schemes or online? Deals or offers in shops can seem cheap, but they may end up being expensive.

The best way to find out about savings you could make in these areas is often to ask around and see what deals other people have found. You could also look for offers or vouchers in the local papers or compare deals online on sites like www.moneysupermarket.com, www.uswitch.com or www.moneysavingexpert.com. Remember, use these sources to gather information about different products or deals, but don't make hasty decisions that will affect your money.

If your main expense is debt – money you have borrowed through loans or credit cards or money owed on outstanding bills – it is important to sort this out first. If you're finding it hard to pay off your debts, they can quickly get out of control. There is a lot of advice available to help you manage your debt and, even though debt can be very stressful, there will always be a way to get your finances under control again. The first step is seeking advice from trusted and reliable experts.

Save or spend?

Budgeting is not just about saving money on the things you already buy, it's about really examining your spending habits and working out not just if you can pay less for things, but if you can even afford them at all. Setting a realistic budget is especially important if your money situation changes, for example if you get a new job. Just because you have more money, it doesn't mean you have to spend it all!

If you want to avoid going over budget and getting into debt, work out a clear budget that you will stick to, see how much spare cash you'll have each month and then think about what extras you could afford with that money, or plan ahead to save up for something you really want.

A useful way of managing your money in this way is, each time you come to spend money, to ask yourself if you need it or if you want it.

- If you need it, then it should be in your monthly budget and you can shop around to find the cheapest options and make sure you're saving as much as possible.
- If you want it, but don't need it, look at your budget and see if there's any extra cash. In other words, can you afford it after all the needs have been paid for? If you can afford it, double check by asking yourself how much you will use it and if it's good value for money.

When it comes to deciding whether to save or spend, special occasions are often tricky to deal with. For example, it's sometimes easy to feel pressured into going out, buying people drinks or spending more than you can afford on Christmas or birthday presents. Knowing your budget and sticking to it will help you keep track of how much spare cash you've actually got. You could put some of that spare cash aside, or open a savings account, so you know exactly how much you've got available to spend on treats or special occasions.

Managing Debt

What is debt?

Debt, put most simply, is money you owe to someone else. This may be in the form of pre-arranged borrowing such as credit cards, store cards, loans or a mortgage or in the form of unplanned debt such as unpaid bills or spending more than you have in your bank account without agreeing an overdraft first.

Having debts is not necessarily a problem in itself. A large proportion of the UK population have pre-planned debts. If you keep track of your money and you can afford to make the repayments each month, then borrowing can be manageable and beneficial.

However, if you are struggling to make the minimum repayments on your planned debts, plus pay for all your monthly outgoings, or you are regularly going over your overdraft limit and find yourself unable to pay bills, the most important thing to do is face up to your debt problems immediately. This can be extremely difficult, but as soon as you understand your debt problems, you can start to improve them. Remember, there is always a way out of debt.

Managing Debt

How did you get into debt?

If your debt has become a problem, thinking about how it happened can help you decide what to do about it.

Was it because:

- A. You had to spend a lot of money on a one-off item (like a mobile phone bill that got out of control)?
- B. You've regularly been spending too much on smaller items like clothes or cigarettes?
- C. You just don't have enough money to buy the basics to live on and cover all your existing repayments?

Once you've worked out the main problem, read through the steps below for suggested solutions:

A. One-off item

If this is a bill of some kind, it's worth trying to come to an agreement with whoever is charging you. Ask if you can spread the amount you owe over 6 to 12 months and pay a fixed amount each month. Try to pay by direct debit – this means the money goes out automatically ([visit www.directdebit.co.uk](http://www.directdebit.co.uk)). Then make sure you follow the step-by-step guide to tackling debt on the next page.

B. Regular spending on small things

If you've run up a debt this way, the chances are it might have crept up on you. The only solution is to do a proper budget and stick to it. If you've run into debt with the bank or credit company, talk to them as soon as possible to explain the situation. Before you speak to them, make sure you have a plan to pay back what you owe. This will help them see you are taking the situation seriously. Then make sure you follow the step-by-step guide to tackling debt on the next page.

C. Not enough to cover the essentials and pay off existing debts

If you are claiming all the benefits you are entitled to and have looked into ways to bring more income in, then seeking help to deal with your debt problems is the next step.

It's a very difficult situation to be in, so try to talk it through with someone – perhaps a personal adviser or a keyworker. They might recommend that you call a helpline or make an appointment with a money adviser at the Citizens Advice Bureau. Have a look at the step-by-step guide to tackling debt on the next page, but because your debt problems are likely to be more complicated, you should seek professional advice before taking any actions that will affect your debts, such as consolidating loans, contacting companies or arranging payment plans.

Remember.....if your circumstances change

If you're claiming benefits and your circumstances change, e.g. if you start working or move house, you must notify Jobcentre Plus. Even part-time or temporary work, no matter how short, could affect your current benefits or any new claims. Ask your support worker for advice and talk to Jobcentre Plus staff about how any changes could affect your benefits.

👉 Look at the **Making Money Decisions** section for help with working out if you will be better off in work.

👉 Look at the **Understanding Credit** and **Where to go for help and advice** sections of this resource for more information on Managing Debt.

Tackling debt step by step

1. Don't take on any new debts.
2. Start budgeting. Look at what's going in and coming out and see if there is a way to cut down your spending.
3. Contact the people you owe money to and have a plan about how you are going to pay it back. Arrange regular payments, but make sure you really can afford them. Try to spread out the payments over a long time – say 6 months or a year. Most companies would prefer to come to an agreement with you so you can pay off your debt, rather than have to pay to recover it in some other way.
4. If you've got a credit card, try to find a cheaper way of paying off the balance by comparing deals. You may be able to switch to a 0% or low interest rate card. Then close your current card and return it to the company that gave it to you.
5. Be wary of being sold other loans that might end up costing you more in the long term. If you're not sure about something, ask for more information, then take the time to make the right decision for you. Don't be pressured into making a hasty decision over the phone or at your door, for example.
6. Some debts are more important than others, because the consequences of not paying them are more serious because the thing you're paying for (like your car or your home) could be taken away if you do not keep up repayments. Treat any of these debts as a priority:
 - rent arrears or mortgage
 - income tax, national insurance or VAT arrears
 - council tax
 - gas, electricity or other utility bills
 - hire purchase
 - magistrate's court fines
 - maintenance payments

7. If you are very worried about your situation, there are trained people you can talk to in confidence and who can support you through the process of tackling your debt. There are always options for finding a way out of debt and these specialists will be able to advise you on what's best for you. For some people, clearing their debts through declaring themselves bankrupt is the best way forward.
8. If you need to borrow money, talk to your bank first of all. You might also be able to apply for a crisis loan from the Social Fund. (Crisis loans are not free money; you will need to pay it back. To get an application form, contact your Jobcentre Plus office). Don't borrow more than you can afford to pay back and don't be tempted to borrow money from an unauthorised money lender or 'loan shark'. They charge very high interest rates and will probably end up making your debt problem worse.
9. Make a list of what you need to do – and do it.
10. Finally, don't be ashamed of your debt problems. By taking these steps to tackle your debt, you are showing you are willing to take responsibility for them and taking control of your life.

Prioritising debts

If you owe money to a lot of different companies, it can be difficult to decide which debts to pay off first. Prioritising debts means deciding what order to pay them off. It may seem like you should pay the biggest ones or those that you get most letters about first, but this isn't necessarily the best thing to do.

The most important debts to deal with first are those where you could face serious action being taken against you if you do not repay the money you owe (e.g. court proceedings, eviction or repossession). As mentioned already, the following debts should be dealt with as a priority:

- rent arrears or mortgage
- income tax, national insurance or VAT arrears
- council tax
- gas, electricity or other utility bills
- hire purchase
- magistrate's court fines
- maintenance payments

As a general rule, debts like loans, credit cards and mobile phone bills, though they are still important, come last on the list of debts to deal with.

There is a very useful guide to dealing with priority debts on the National Debtline website. You can visit the website www.nationaldebtline.co.uk and search for information on priority debts.

Getting advice you can trust

There are a lot of organisations and companies out there that offer to help you get out of debt. Some of these organisations charge a fee and some are free. Often the organisations that charge a fee advertise widely and offer some free advice up front. They may then offer you services for which you have to pay. Make sure you know whether or not you will be required to pay for a service before agreeing to it.

Non-profit or charitable debt advice agencies offer free and impartial advice on the best options for you. They may also be able to provide other services to help deal with the numerous other issues that relate to debt and homelessness.

These organisations are a good place to start:

Citizens Advice Bureau

www.citizensadvice.org.uk

The Citizens Advice Bureau Service (CAB) offers free, independent advice on a wide range of issues. Advisers can help fill out forms, write letters, negotiate with creditors and represent clients at court or tribunal. Their website contains details of local CAB offices. You can also look up your local CAB in Yellow Pages under 'Counselling & Advice'.

Consumer Credit Counselling Service

0800 138 1111 (freephone, Mon – Fri, 8am – 8pm)

www.cccs.co.uk

Free helpline giving confidential counselling on personal budgeting, using credit and setting up debt management plans. Website has a handy 'debt check' as well as budgeting advice.

National Debtline

0808 808 4000 (freephone, Mon – Fri, 9am – 9pm, Sat 9.30am – 1pm)

www.nationaldebtline.co.uk

Free helpline giving confidential, independent help on dealing with debt. Can help callers set up debt management plans. The website contains information on a range of money management issues and resources like factsheets and sample letters.

What is credit?

Credit is strange. If you have a bank account that's 'in credit' it means that you have got money in your account that you can spend. But usually credit is a type of debt. If a company gives you credit, it could be through a:

- credit card or store card
- hire-purchase scheme or catalogue
- personal loan
- interest-free credit (for instance in electrical or furniture shops)

In all of these cases, it means that someone, for example a bank or a credit card company, has given you the money to spend. But of course there's no such thing as free money (unless perhaps you're lucky enough to win the lottery!). They have 'credited' you with money, but it's not actually your money, you have borrowed it from them and you have to pay it back. Usually, you have to pay an extra cost on top of the amount of money you borrowed – called 'interest' – to the person or company who has loaned you the money.

Understanding Credit

How does interest work?

Interest is the price you pay for borrowing money from a lender. It is normally worked out as a percentage rate of the entire amount you borrow – the interest rate. The amount you pay back will vary depending on the interest rate you are charged (this is known as the ‘Annual Percentage Rate’ or APR). Here is a simple example; if you buy a TV on credit for £100 and the company charges you 20% APR, you will end up paying £120 for the TV in total, if you pay the money back within a year. All types of loans have an APR and you need to keep your eyes open to get the best deal. Generally the lower the APR, the better the deal.

- A credit card will probably have a higher interest rate than a bank loan – so think about what you need the money for. For example, don’t put big one-off purchases on a credit card, as it would probably be cheaper to get a bank loan.
- Adverts or offers for credit can sometimes be misleading. What seems like a quick, easy and cheap option could have some very high interest rates hidden somewhere in the small print. So make sure you understand the full cost of borrowing before you take out any form of credit. Be especially wary of ‘loan sharks’, or unlicensed money lenders who often lend money on bad terms at very high interest rates.

For more information on interest rates and borrowing:

- Speak to a keyworker who may be able to refer you to local advisors.
- Browse the ‘credit and loans’ links on www.nowletstalkmoney.com
- Check out the ‘cards and loans’ section on www.moneymadeclear.fsa.gov.uk (there are also some useful credit card and loan calculators to help you work out the actual cost of borrowing).
- Read through the advice at www.moneysavingexpert.com on interest rates.

How do you get credit?

There are different ways of getting credit through banks, credit card or loan companies. First of all, you need to have a good credit history. This usually means that you need to have had a bank account, and to show that you have regular money coming in and that you can manage your money. It can also include showing that you have paid back money that you have borrowed in the past.

To find out more about how credit history / rating / scoring works visit:
www.moneymadeclear.fsa.gov.uk

Some credit seems easier to get than others, but be aware that these options often have the highest interest rates. For example, it is now common practice for shop assistants to ask at the till if you’d like to save money on your purchase by opening a store card. This seems like a tempting deal, but store cards usually have much higher interest rates than other types of credit and, as a general rule, should be avoided unless you can afford to pay off the balance in full.

Credit Unions

Another way of getting money on credit is to join a Credit Union. This is a financial organisation which is owned by its members and run by them, for their benefit. To join, you need to have a 'common bond' with other people in the union, for example you might belong to the same housing association or live and/or work in the same area. Each Credit Union has its own 'common bond'. There are around 1,000 in the UK.

After you have joined a Credit Union, you have to save with them for a while – usually a few months – before you can borrow money. This proves to them that you can manage your money. Most people borrow money for small things like presents or repairs around the house. The maximum interest rate that can be charged is 1% a month, which is much cheaper than a loan shark and also than most credit card companies.

You can find out more about Credit Unions from the FSA by visiting: <http://www.moneymadeclear.fsa.gov.uk> and searching for Credit Unions.

To find out if there is a Credit Union you can join, ask your local Citizens Advice Bureau.

What are the advantages?

You usually pay credit back in monthly amounts (called instalments). This can sometimes help you manage your budget, because you can spread the cost out over a few months. This might be easier than paying for something all at once.

Credit can be useful if you need to buy something quickly. This might be because it's an emergency, or because you've been looking out for a good deal on a large purchase like a car or TV.

Sometimes you will see a deal for 'interest-free credit'. This means that you only pay back the original cost – no interest payment is added on. This is a good type of credit to get if you can, but only if you are sure you can afford the repayments and you can pay back the amount within the interest-free period, because high interest rates kick in after that time.

What are the drawbacks?

The first is that credit can tempt you to spend money you don't have, or can't afford to pay back. Always think carefully before getting credit or borrowing money – don't ever do it on the spur of the moment and make sure you have a plan for paying it back.

Remember, there is no such thing as free money!

The other main drawback with credit is that you usually have to pay interest. Using the same example as above, if you buy a TV on credit for £100 and the company charges you 20% interest over one year, you will end up paying £120 for the TV in total (if you pay it off in a year). So it usually makes things more expensive.

More importantly, the longer you take to repay the amount you borrowed, the more the debt grows. This is because you not only have to pay interest on the original amount you borrowed, but also on the interest that has built up on that original amount. For example, if you didn't make any repayments on the TV you bought on credit for £100 at 20% interest, the second year

the amount would rise to £144, as you have to pay 20% of £120. The following year it would rise to £172.80, then £207.36 and so on, because the interest is being added to the total amount each year.

Also, if you miss or are late with repayments, you will have to pay a fine each time and it could negatively affect your credit rating.

Loan sharks

Loan sharks are unlicensed moneylenders who operate outside of the Office of Fair Trading's (OFT) codes of practice and therefore outside of the law. They charge extremely high interest rates for lending money and often use threats and violence to scare people who fall behind with their repayments.

Loan sharks often operate locally, advertising in shop windows, by word of mouth or by knocking on doors. They often target the most vulnerable people who think that nobody else will lend them money. They can come across as very friendly at first, making it appear that they are just one of the community eager to lend a hand. However, loan sharks often use aggressive tactics, like threatening violence to individuals or family and friends, to frighten people and force them into taking on more and more loans to pay off previous borrowing.

Be wary of any loan adverts with the following features:

- Unreadable small print
- No company name or postal address
- No mention of interest rates or typical APR
- No information about the terms and conditions of the loan
- Phrases such as 'no checks necessary' or 'loan guaranteed'

If you suspect that a loan company may be unlicensed, you can check with the Consumer Credit Public Register, which lists everyone with an OFT licence, as well as those who've had licences taken away or suspended, on 020 7211 8608, Mon – Fri, 9.30am – 4pm.

If you think you have borrowed money from a loan shark and want advice about what to do, you can contact any of the agencies listed in the Understanding Debt section or contact your local Trading Standards office, listed in the Yellow Pages under 'Consumer Organisations'.

Buy now pay later

Buy now pay later offers mean that you can take home an item that you want to buy, but you don't have to pay for it in full until some point in the future. There is usually an interest-free period of about 6 months to 2 years and in a lot of cases you don't have to pay anything for a period of time either, often a year.

This may sound like a great deal, but remember that buy now pay later is a form of credit and, therefore, debt. The company is not giving you the item for free; they are effectively lending you the item and the money to pay for it.

Buy now pay later can be a good option for buying large items like a fridge or sofa, as long as you can be sure you'll be able to pay off the amount before the interest-free period ends. If you don't, the interest rates that kick in can be as high as 30-40% and you could end up paying almost double for the item. Also, you don't legally own the item until you've paid off the full amount, so you can't change anything about it or sell it on. If you don't keep up with repayments, the company can take the item back, but you may still have to pay for it. Buy now pay later is only really an option worth considering if your circumstances are stable and you can be absolutely sure that you will have the money to pay off the amount you owe in time. Unemployment, increased bills or unexpected expenses could all affect your ability to pay the debt, so look at other options before making your decision.

Financial Health Warning!

Credit can be tempting – and sometimes the less money you have, the more tempting it is. For some people, this can end up in a spiral where they are spending a lot of money paying off old credit bills – and then have to pay for new things on credit because they've got no cash left. The other temptation is to borrow money from people like 'loan sharks' to pay off your credit – but they can charge you a lot of interest.

So take care! Always think carefully before you borrow money or buy things on credit. And remember you have a responsibility to pay it back, so make sure you can afford the repayments.

🔗 Look at the **Understanding Debt** section of this resource for more information on credit.

Keeping Track of Your Money

Why have a bank account?

A bank or building society account can help you to manage your money. It also saves you having to carry your cash with you wherever you go (or stashing it under the bed!)

With most bank accounts it's free to use services like cashing cheques, putting money in or taking it out and setting up direct debits or standing orders to make payments. Most companies prefer to pay wages into a bank account and it is also useful for any benefit payments you may receive.

When you have a bank account, you receive a statement each month which shows you exactly what has gone in and out of your account and when. You can also access this information anytime by using a cashpoint (or ATM) to get a mini statement or checking your bank account online or on the phone (services now offered by most banks). Having this information at your fingertips can help you with budgeting and living within your means.

Keeping Track of Your Money

Different types of bank account

There are three main types of bank account:

- basic bank account
- current account
- savings account

Basic bank account

This type of bank account differs from a regular current account because it does not provide credit. All of the banks offering basic bank accounts provide a cashpoint card. This lets you get money out of any cash machine that accepts your card, as long as there is enough money in your account. To do this you will need to type in your PIN (Personal Identification Number). Some banks also provide a debit card, which means that you can use it in shops to buy things, as long as you have enough money in your account.

Some basic bank accounts allow you to set up direct debits, so you can pay regular bills straight from your account – but you need to make sure that you have enough money in your account to cover any direct debits you set up ([visit www.directdebit.co.uk](http://www.directdebit.co.uk)).

Because basic bank accounts are designed to be simple, they usually do not provide chequebooks or overdrafts. But with some accounts you do get a buffer zone. This means, for example, that if you have £9 in your account you might still be able to take out a £10 note from the cashpoint – so you'll have a very small overdraft until you next pay money in.

Current account

It's called a current account because people use it for day to day (current) things like paying in their wages, paying bills and taking money out for shopping and going out.

If you open a current account you will usually get all of the features of a basic bank account, plus a cheque book. This means you can pay for some things by cheque – for example any bill that is sent to your home address. It's becoming less common for shops to accept payment by cheque (and banks are phasing out the cheque guarantee scheme), but if they do you'll find that most places won't accept a cheque unless you've got a cheque guarantee card, which is set at a certain limit (for example £50). This means that you can write a cheque in a shop for up to £50 and the shop assistant will accept it because the bank has guaranteed that they will cash the cheque.

Savings account

If you find that after you have paid for all the things you need every month, you have a little money left over, it's really worth thinking about getting a savings account as the money you put aside can help you prepare for things like Christmas, holidays or an unexpected expense.

Money in a savings account will earn you 'interest'. This means that your money will grow by a certain percentage (the 'interest rate') even when you are not paying into the account. Like borrowing money, there are lots of different savings products available – some allow you to have instant access to your savings, some (usually the ones with higher interest rates) have rules that mean you have to give notice to withdraw your money. So shop around for the right savings account for you.

Some people find credit unions are a good place to start a savings account as they are local organisations and after you have saved with them for a while you are able to apply for small loans. Paying housing benefit into credit unions is also becoming popular.

There is a useful guide to bank accounts and products from the FSA:
www.moneymadeclear.fsa.gov.uk

Instant cash shops

Instant cash shops are a familiar sight in most towns. They normally offer a range of instant cash services including cheque cashing and payday loans. They will charge you a fee and a percentage of the amount to cash a cheque, whereas it is free to cash cheques at your bank. Instant cash shops also offer payday loans, in other words they will give you cash until you can pay it back when you get paid. This may sound tempting, but it is just another form of credit and, as such, you will have to pay for borrowing. Instant cash shops charge an upfront fee, normally about £10-£15, for giving you cash, then they cash your cheque the next month. But if you don't have enough money to afford for them to cash the cheque, they will charge you to roll the cheque over to the next month and start charging you huge amounts of interest on the money you borrowed. It's easy to see how you could rack up large debts in this way, just from borrowing a small amount.

Always think twice before using instant cash services and if you find yourself in a position where you need money and it's a long time until payday, consider what option will be best for you in the long run.

Opening a bank account

Step 1: Decide which bank to use.

You might want to go to the one nearest to you, or your friends or family might recommend one. But remember to look at the different things they are offering. The kind of things to look out for are:

- what services the bank account offers
- how much money you need to put in when you open it
- whether or not you get a debit card

Post Office account

If you don't want to open a bank account, you can open a Post Office card account. This is a simple account that can only have benefits and tax credits paid into it. No credit checks are carried out when you open this account. You can take cash out free of charge at any Post Office branch. You don't get a cheque book and you can't get an overdraft or pay bills through your account.

Just because you've gone into a bank to ask about opening an account, you don't have to go ahead and open an account there. Shop around and get all the information you need before making an application.

For help with deciding which bank account to choose:

- Visit the Money made clear website for information to help you decide how to choose, open and run a bank account: www.moneymadeclear.fsa.gov.uk.
- **Look at different banks' websites or go into a local branch.**
- To find out more about a Post Office card account, go into a local Post Office and ask for a leaflet, or visit the Counter Services pages of the Post Office website: www.postoffice.co.uk.

Step 2: Get an application form.

You can get this by calling into the bank and asking for one. Fill it in carefully. Each bank will have a different application form, but it will cover some or all of the following areas, so it's worth making sure that you have all the information to hand before you start filling in the form.

Title, surname and first name	Number of children
Sex	Type of housing you live in
Address and postcode	Previous address and type of housing
Length of time at this address	Monthly income (after tax)
Date of birth	Source of income (e.g. benefits, wage etc.)
Country where you were born	Employment status (e.g. part-time, retired etc.)
Country where you live	Type of employer and their name and address
Place of birth	Details of any other bank accounts
Mother's maiden name	ID provided
Home, work and mobile numbers	Request for a cash card and PIN

Speak to someone if you need any help filling out the form, or need to check what information the different boxes are asking for. A personal adviser or keyworker might be helpful, or you could ask a friend or relative.

Sometimes you are able to apply for a particular bank account, but often you fill in the application form with your details and the bank decides which account would be most suitable for you. If you would particularly like a basic bank account (to avoid problems with overdrafts etc.), tell the bank about your requirements.

Step 3: Get your ID together

To open an account, you usually need to show two or three forms of original ID (not photocopies) to confirm who you are. Examples include a passport, a driving licence, a benefits book or a council tax bill. This is required because there are laws which mean banks need to have enough suitable evidence that you are who you say you are in order to open an account for you.

If you are finding it difficult to get enough valid ID to open a bank account, the bank should be able to help you by providing a full list of items which would be acceptable to them. Unfortunately, there is not one list that is used by all banks. Some banks have a customer helpline you can call to check you have the right ID. Ask your keyworker, friends or family if they know which local banks are best to approach.

Step 4: Give the application form to the bank.

If everything is OK, they will send you details of your new account, including a cashpoint card and PIN number if you asked for one.

Managing your bank account

When you open bank account, it won't just look after itself. There are lots of things to remember if you want to avoid paying unnecessary charges or getting into money troubles.

- Keep an eye on your statements and bank account balance to make sure you avoid bank charges. If you do not have an agreed overdraft and you take out more money than there is in your account, you could be charged up to £30. This could also happen if you have written a cheque or made a debit card payment and there isn't enough money in your account to cover it.
- If you think you might be about to go overdrawn talk to somebody at your bank. They may agree to give you an authorised overdraft limit, but this will still charge interest.
- Not all cash machines are free to use. Some cashpoints, especially those in corner shops or pubs can charge up to £3.00 when you withdraw cash. Check before you take money out.
- Keep a note of any direct debits you set up and the dates they are due. They can be very useful for bills you have to pay regularly because they are paid automatically, so you don't have to remember to pay each bill. Paying some bills by direct debit is cheaper too, with potential savings of around £100 per year. However, the fact that they're automatic means you must make sure you have enough money in your account at the right time (at least one day before they're due), otherwise direct debits going out could make you go overdrawn incurring bank charges. It's particularly important to make sure you've got enough money in your account to cover automatic payments when your circumstances change e.g. a break in work or moving from benefits to salary.
- When you know what date each month you're regularly going to be paid on, you can ask for direct debits or standing orders to go out after that day.
- Be aware that it usually takes a few days for cheques and other payments to clear in your account, so the money won't be available straight away. Ask your bank how long it takes for money to clear in your account, it is normally about 3 working days.
- Remember to keep your bank updated with your current postal address. You can do this in person, on the phone or via Internet banking if you have it set up. Very important information is often sent through the post, such as new debit cards, pin numbers and info about changes to services. If you live in a shared house, make sure you collect your post and open it immediately.

- Keep details about your money in a safe and secure place. Never share or write down your PIN number or any passwords associated with bank accounts. Don't keep your cheque book and cheque guarantee card together. Your bank will never contact you on the phone or email to ask for your personal details and security information, so never give out your details in this way. Ask your key worker if they could provide somewhere safe to store bank statements and other important documents if you need to and if you throw paperwork away, always shred it first.
- You can change your PIN to something you will remember. You can do this at any ATM using your cash or debit card and your original PIN number. Don't use obvious number combinations like 1234 or your birthday.
- If you move often, keep a list of all your addresses and postcodes. You may need this information when opening a bank account or applying for a loan, as it is used to run credit and identity checks. If you don't the postcode for an address, you can look it up using the Postcode finder at www.royalmail.com.
- If you are not happy with the service at your bank or want to take advantage of a good deal elsewhere, you can move your bank account. Make sure you have opened another one before you close the existing one, so you can transfer any direct debits or standing orders.
- Don't be talked into taking on any banking products that are not suitable for you. For example, most banks offer premier accounts which give you incentives such as car or travel insurance or special deals on mortgages in return for paying a monthly fee of about £10. Think about if this kind of account would really benefit you before signing up. If you don't travel a lot, have a car or own your own home, it's not likely to be beneficial for you.
- Never sign anything at anytime without reading it in full, including the small print.

Top tips for keeping track of your money

- Keep any paperwork to do with money safe.
- If something looks wrong, don't panic! Speak to bank staff, your credit card company or payroll staff at work to check.
- Save the number for telephone banking in your phone.
- If you're expecting a bill and you don't think there's enough money in your account to pay it, telephone or go into your bank to let them know. Also speak to the company whose bill it is. This shows you are managing your money and they will be more able to help you than if you just ignore it.

 Look at the Budgeting section of this resource for more information on keeping track of your money.

Keeping track of your money

If you're new to managing money, or you're worried about money issues, sometimes it's easy to forget about all the paperwork that goes along with money. Letters from the Council, bills from credit card companies or bank statements; sometimes it might feel like it's easier to ignore them and try not to think about where all your money is going.

But keeping track of what's coming in and going out, and understanding all that paperwork, helps you make choices and decisions about your money and means you're less likely to get into money troubles, because you can do something about it before it gets too bad.

Statements

It's likely that you will be sent statements each month from your bank or credit card company. Taking the time to check through your statements is well worth it as you could find errors, check that you're sticking to budget, spot spending patterns (it's sometimes surprising just how much money you spend each month on going out, for example) or make sure payments have been made.

If you want to access information about your balance, withdrawals or deposits before you get your statement for the month, with most bank accounts you can access information online or by telephone banking. Some banks provide text alerts about your account to your mobile phone. Ask in your bank about how to use these services. You can also print out a mini statement from a cashpoint or in the branch.

Look at the following example statements and the kind of information they contain:

Example mini statement



Account No. 012345678

Sort code 01-02-03

30 April 10

20 Apr	0123456	- 58.50
24 Apr	My Energy Ltd.	- 62.63
27 Apr	Working Tax Credits	68.28
28 Apr	Cash	- 20.00
30 Apr	Big Company Ltd.	674.32
30 Apr	My Mobile	- 20.00
		716.01

A mini statement, as its name suggests, doesn't give you quite as much information as the monthly bank statement. It shows the most recent transactions and a current balance rather than a running total. Mini statements are useful if you're out and about and want to check the status of your account before you take cash out or buy something in a shop.

Example bank statement



Your statement
page 1 of 1

Miss M.Y. Name
1, My Road
My Town
MT1 1AA

Account name: Miss M.Y. Name

1 April to 30 April

The balance is the amount of money you have in your account at any one time. This shows a running total for the month.

You might need this info to give to your employer or someone who wants to pay money into your account

Sort Code: 01 02 03
Account Number: 012345678

Your Bank Account Details

Date	Payment type	Details	Paid out	Paid in	Balance
1 April		BALANCE BOUGHT FORWARD			563.06 CR
5 April	DD	TV Licencing	23.75		539.31CR
6 April	MAE	My Supermarket, My Town	65.03		515.56CR
7 April	ATM	Cash, High Street	20.00		450.53CR
10 April	SO	Rent	300.00		150.53CR
14 April	MAE	Big Shop My Town	5.99		144.54CR
15 April	MAE	My Mobile Top Up	10.00		134.54CR
20 April	CHQ	0123456	58.50		76.04CR
24 April	DD	My Energy Ltd.	62.63		13.41CR
27 April	CR	Working Tax Credit		68.28	81.69CR
28 April	ATM	Cash Low Street	20.00		61.69CR
30 April	BACS	Big Company Ltd.		674.32	736.01CR
30 April	MAE	My Mobile Top Up	20.00		716.01CR

It's useful to have a record of cash withdrawals so you can figure them in to your budget

Sometimes it's easy to forget about direct debits because they go out automatically

This shows what kind of payment it is:
DD – Direct debit,
MAE – debit card,
ATM – cash machine,
CHQ – cheque,
CR – credit (money paid in),
SO – standing order,
BACS – automatic bank transfer

It's good to be able to check when your wages have been paid in

Payslips

Most employers give their employees a payslip each time they are paid, whether it's weekly or monthly.

Example Payslip

If you pay money into a company pension scheme or make student loan repayments, the amounts taken will show here.

PAYE – Pay As You Earn. This is the system of paying tax and National Insurance contributions automatically from your wages.

Big Company Ltd.					
Employee No.	Employee	Date	National Insurance No.		
01234	Miss M Y Name	31/09/2009	AB123456C		
Payments	Units	Rate	Amount	Deductions	Amount
Basic	1.00	744.90	744.90	PAYE Tax	41.06
				NIC	29.51
				Pension	0.00
				Student Loan	0.00
				Total deductions	70.57
Miss M.Y. Name 1, My Road My Street My Town MT1 1AA		Totals this period: Total Gross Pay 744.90 Gross for Tax 744.90		Totals year to date: Total Gross Pay TD 1489.80 Gross for Tax TD 1489.80 Tax paid 82.12 NIC TD 59.02 Pension TD 0.00	
Tax Code: 647L		Payment Method: BACS		Net Pay:	674.32

Check your personal details are correct in case your employer needs to send you anything in the post.

Gross pay – your pay before anything gets taken off it, like tax or National Insurance

Your tax code is used by your employer to work out how much tax to take from your wages.

BACS – Bank Automated Clearing System. This means the money will be transferred direct to your bank account. BACS usually take 3 working days to clear so remember to check your statement.

Net pay – your pay after any deductions like tax etc. have been taken off. Often called 'take home pay'.

Always double-check your payslip to ensure that the hours, salary and deductions are correct, accidental errors can happen. If you're unsure about something on your payslip ask someone at work in the payroll department.

For more information about tax codes and what they mean contact your local Tax Office or visit: www.hmrc.gov.uk

For more information on payslips visit the Being Paid section of www.direct.gov.uk

What to do before making a money decision

Whenever you need to make a decision involving money, or one that will affect your money, remember to gather the information first so that you can base the decision on facts, not feelings.

Here are some suggestions for gaining the knowledge you need to make a money decision:

- Do a budget so you have a real understanding of your current incomings and outgoings. This will help you decide whether any money decision will make you better or worse off.
- Think about your reasons for making the decision.
- Speak to people you know who might have had to make similar decisions to see what their advice is.
- Talk to a keyworker, tenancy support officer or other advisers, they may be able to point you in the direction of local services that could help.
- Search the Internet for relevant information, but be careful to check who runs the website. Some sites look like advice, but can turn out to be adverts. You could use the sites listed in *Where to go for help and advice* as a starting point.
- Look at the small print. Somewhere on most adverts or leaflets to do with money products there is some tiny writing which contains the terms and conditions and other information that you should know about.

Making Money Decisions

Basic calculations for comparing options

All the numbers involved in making money decisions can be a little overwhelming. Here are some calculations that you might find useful.

To work out monthly amount from weekly bill

Weekly bill x 52 (weeks in the year) ÷ 12 (months in the year) = monthly amount
(It's more accurate to do it this way as there isn't an equal number of weeks in each month)

To work out weekly amount from monthly bill

Monthly bill x 12 ÷ 52 = weekly amount

To work out monthly amount from quarterly bill

Quarterly bill (every 3 months or quarter of a year) ÷ 3 = monthly amount

To work out monthly pay from weekly hours and hourly pay

Hours per week x hourly wage = weekly pay

Weekly pay x 52 = annual pay

Annual pay ÷ 12 = monthly pay

To work out monthly pay for part-time hours as a proportion of full time pay

Sometimes wages for jobs are shown as a proportion of what the full-time pay would be. If a salary is given 'per annum' it means per year. If it says 'pro rata' it means the salary is a proportion of what the salary would be if it were full-time.

So to work out what you would actually be paid for a part-time job you work out what proportion of the salary you would be paid for the number of hours you would work.

Part-time hours ÷ full-time hours x full-time salary = part-time salary ÷ 12 = monthly pay

(Full-time is usually considered to be 37.5 hours for pro rata purposes, but this changes depending on the job and sector).

Help with calculations

There are lots of useful tools online that can help with these calculations:

Loan calculators to work out what the actual cost of borrowing would be:

www.moneymadeclear.fsa.gov.uk, www.moneymatterstome.co.uk

Budget calculators

www.moneymadeclear.fsa.gov.uk, www.moneymatterstome.co.uk, www.moneysavingexpert.com

Salary calculator to work out what your take home pay would be from a yearly salary or an hourly wage - www.thesalarycalculator.co.uk

Maths

If you would like to brush up on your maths skills, visit the adult learning and skills section of direct.gov.uk for links and advice. www.direct.gov.uk

Buying a TV example

Here's how different ways of buying a £150 TV can affect your money.

Cash

Either you have the cash on you to buy the TV or you go to a cash machine and get the money out with your cash card. You can check the balance of your account at the cash machine to make sure you've got enough money. Remember to think of your monthly budget, you might have meant to set aside that money for something else.

Debit card

Using a debit card takes the money electronically directly from your account, so it's a good idea to make sure you've got enough money in your bank account first. If you haven't, the payment you've just made could make your bank account go overdrawn which can cost you money, both in interest and in fees that the bank might charge if you haven't agreed an overdraft. These fees for going accidentally overdrawn can be as high as £30.

Store card

The shop assistant says you could save 10% off the price of the TV if you take one of their store cards today. So you fill in the forms and the amount for the TV minus 10% (£135) gets put onto your store card account. As mentioned before, a store card is like a credit card, where you're effectively borrowing money from the store, so you have to pay interest. This store card has an APR of 25% (this may seem high but it is not unusual for store cards). If you only pay off the minimum amount every month, say around £5, then the amount you'll actually pay for the TV will soon add up, as you will be paying interest on the interest, not just the initial cost of the TV. In fact it could take around 3 years to pay off and you could end up paying almost £200 for the TV (£193.23). If a change in your circumstances means you can no longer make any repayments, this could cause expensive complications.

Interest-free or 0% credit

Some shops offer an interest free period for electrical goods or expensive furniture, so it can be useful to help you pay over a longer period of time. But make sure you check how much you'll be paying back in total and that you can afford the monthly repayments. You may lose the interest-free bonus if you miss payments, so check the terms and conditions. The interest rates that kick in at the end of the interest-free period are often about 30-40% so it becomes a very expensive form of credit if you don't pay it off in time.

Don't forget you'll need to buy a TV licence to watch your television legally. They currently cost £142.50 per year and can be paid for in full or in instalments, online or in person, by direct debit, with a debit or credit card, at a PayPoint, by cheque or a bank transfer. Watching TV without a valid licence is a criminal offence and can lead to prosecution, a court appearance and a fine of up to £1,000 (not including legal costs).

Visit www.tvlicensing.co.uk for more information.

Mobile phone example

Buying and using a mobile phone can be very costly. The latest phones are often offered 'free' by phone companies, but in order to take advantage of these offers you have to sign up to a contract lasting anything from 12–36 months, that's 1-3 years. This can be a cost effective way to own a mobile if you stay within the allocated amount of free texts and minutes, but if you go over your allocation, then your bills can quickly get out of control. You also have to stay with the same provider for the length of the contract, which means you sign up to paying at least the

minimum contract amount every month, although it is sometimes possible to downgrade to a cheaper package after you've had the contract a while, usually about nine months.

All of this means choosing the right provider and tariff for you in the first place is really important. Often the most desirable new phones come with the longest or less economical contracts, but there are good deals to be had if you shop around. Think realistically about how much you use your phone for texting, calling or Internet. Price comparison sites like www.uswitch.com are a good place to start when looking for the best deal for you.

Pay as you go deals are good if you want to be in control of exactly how much you're spending. It may be useful to keep a record of how much you top up and when so you can keep tabs on how much it's costing you a month. If you're spending more than £20 a month, it may be more cost-effective for you to get a contract, but only if you can afford to commit to a year or more of monthly bills.

Contract deals can be more affordable if you use your phone a lot. For example, if you use 200 mins and 200 texts per month on an average pay as you go phone it could cost you £50 (based on 15p per min and 10p per text). You could find a contract deal that gives you 200 mins and 200 texts for £20 per month (remember that you are committed to that contract for at least 12 months). However, if you went over the free allowance on this contract by 100 texts and 50 mins, your monthly bill would end up being £42 (based on 20p per min and 12p per text). That's more than double the original cost of the contract, which could really cause problems and lead to large debts if you're on a low income or trying to stick to a budget.

Here's a really useful guide from Citizens Advice Bureau on buying and managing a mobile phone: www.adviceguide.org.uk

Returning to work example

Here is a fictional example of someone who has to make a decision about which job she should accept and the kind of calculations that she can do to help her decide.

Sam is 26 years old and lives with her cat in a one bedroom flat. She likes going out to see live music at local pubs and staying in and watching DVDs. She would love to go on holiday to visit her friend in Scotland. She has been unemployed for about 6 months, but has now been offered two jobs – one as a full-time waitress and one as a part-time care worker. Both jobs would be paid monthly.

Job 1

Greenhill Hotel Full-time Restaurant Staff

Due to increased bookings we are looking for waiting staff to cover range of shifts for breakfast, lunch and dinner. Must have friendly, confident manner. Experience not essential as full training will be given.

37.5hrs p/w, £6.00p/h.

(plus share of tips fund and other company benefits)
Uniform provided.

Job 2

Roseville Care Home

Experienced Care Worker

25hrs p/w (£15,250 per annum, pro rata)

The post holder will be involved in assisting service users in all activities of daily living, supporting them to develop and retain their independence. We are looking for someone who works well as part of a team and alone. Must be willing to work 7am starts and 11pm finishes on a rota basis.

Money going out

Priority Bills	Per Week	Total per Month
Rent/housekeeping money	£70.00	£280.00
Council tax	£14.50	£58.00
Gas/Electricity bill	£11.50	£46.00
Water bill	£4.25	£17.00

Other Bills

Pay as you go mobile phone	£10.00	£40.00
TV Licence	£5.50	£22.00
Loans	-	-
Insurance	-	-
Savings	-	-
Other	-	-

Everyday spending	Per Week	Total per Month
Travel	£10.00	£40.00
Food shopping	£30.00	£120.00
Childcare	-	-
Going out	£10.00	£40.00
Other entertainment (e.g. DVDs)	£2.50	£10.00
Toiletries	-	-
Sport (e.g. swimming/exercise)	-	-
Cigarettes	-	-
Car maintenance and petrol	-	-
Other	-	-

Occasional spending (e.g. clothes, birthdays)

	£2.50	£10.00
Total spending	£170.00	£683.00

Sam's monthly outgoing are £683.00

2. Sam works out what her monthly pay would be for both jobs

Job 1 would pay her £975 per month

Hours x wage = weekly pay x 52 = annual pay ÷ 12 = monthly pay
 $37.5 \times 6 = 225 \times 52 = 11,700 \div 12 = £975$

Job 2 would pay her £838.75

Part-time hours ÷ full-time hours x full-time salary = part-time salary ÷ 12 = monthly pay
 $25 \div 37.5 = 0.66 \times 15,250 = 10,065 \div 12 = £838.75$

3. Sam also needs to work out how much tax and National Insurance would be deducted from her pay, so she knows what her take home pay will be

Using the online salary calculator at www.salarycalculator.co.uk, Sam works out that:

For Job 1, on her monthly salary of £975, Sam would pay £87.08 in tax and £54.82 in National Insurance making her take home pay £833.10.

For Job 2, on her monthly salary of £838.75, Sam would pay £59.83 in tax and £39.83 in National Insurance, making her take home pay £739.09.

4. Sam takes all factors into consideration.

So Job 1 would give Sam more take home pay than Job 2 meaning she could cover her costs and save to go on holiday and have a buffer in case she needs to make an unexpected payment. But she would still earn enough in Job 2 to just cover her costs.

Before she makes her final decision Sam could also think about:

- What job she would prefer to do
- What job offers better career prospects
- Whether she will be able to cope with the working patterns (early & late shifts)
- If she could walk to work to cut costs
- Whether she would still get any help with housing benefit
- If she would be eligible for Working Tax Credits (she would need to work over 30 hours a week and it would depend on what her earnings were in the previous tax year).
- If a contract phone would be cheaper
- Pros and cons of going on holiday
- If she could save money on her energy bills by paying by direct debit

Temporary work

Short-term and irregular temporary work can disrupt your benefits claim. Try and get as much information about how many hours a week work you are being offered and how long the job is expected to last so you can make an informed decision about accepting the work. It is advisable to do a 'better off in work' calculation online, or with the help of a support worker, to make sure that you don't get into a difficult situation with your money.

If you're working less than 16 hours a week, it may be better for you not to sign off, but to declare your part-time work instead (so you are still able to get housing, council tax and other benefits). This means that you fill in forms every fortnight to declare the amount of part-time work you have done and the money you've earned is deducted from the amount of benefit you receive. If your work goes over 16 hours per week then you have to sign off.

Jobcentre Plus has a Rapid Re-claim process for people who are making a new benefits claim within 26 weeks of their previous claim and who have had not change in circumstances (other than that which lead to the break in the claim). If your temporary work comes to an end, get an appointment at Jobcentre Plus as soon as possible (or call Jobcentre Plus on 0800 055 6688, Mon-Fri, 8am – 6pm) and explain that you have finished temporary work and would like to make a rapid re-claim. This type of claim is considered as urgent, but you may still experience a gap in income depending on how long it takes for your JSA and housing benefit to restart.

Talk to your JSA Adviser for more information about how to deal with short-term temporary and part-time work.

Benefits Adviser

Direct.gov.uk's online Benefits Adviser tool helps you check what benefits you might still be entitled to when you return to work, or how much you would earn in different job situations, so you can work out how changes to your circumstances will affect your income and benefits.

You can input details for different circumstances and then compare they would affect your money.

www.direct.gov.uk

Check with your support worker, as they may also have access to software that helps with 'better off in work' calculations.

Real life examples

We all know of people who have had to make difficult money decisions or those who have found themselves with debt problems. Hearing about how others got into financial difficulties, and also how they found a way out of the problems, can help avoid getting into similar situations.

There are some useful real life examples of how people dealt with money management issues online:

www.nationaldebtline.co.uk

www.moneysupermarket.com

Look through some of these online examples and think about how a range of actions can have consequences that lead to money troubles. In each case you could ask questions such as:

- What happened that the person didn't have any control over?
- What actions did the person take that they did have control over?
- What could the person have done differently before they got into money troubles?
- What steps did they take to improve their money situation?
- What would you have done if you were in their situation?

Where to go for Help and Advice

One-to-one

Keyworkers or tenancy support officers may be able to refer you to specialist local organisations or help you look into these other sources of advice.

Citizens Advice Bureau

www.citizensadvice.org.uk

The Citizens Advice Bureau Service (CAB) offers free, independent advice on a wide range of issues. Advisers can help fill out forms, write letters, negotiate with creditors and represent clients at court or tribunal. Their website contains details of local CAB offices. You can also look up your local CAB in Yellow Pages under 'Counselling & Advice'.

Community Legal Advice (CLA)

0845 345 4 345 (Mon – Fri, 9am – 6.30 pm)

www.communitylegaladvice.org.uk

If you live in England or Wales and qualify for legal aid, CLA can give you free help or legal advice over the phone for problems with debt, housing, employment, education and welfare benefits and tax credits.

Consumer Credit Counselling Service

0800 138 1111 (freephone, Mon – Fri, 8am – 8pm)

www.cccs.co.uk

Free helpline giving confidential counselling on personal budgeting, using credit and setting up debt management plans. Website has a handy 'debt check' as well as budgeting advice.

National Debtline

0808 808 4000 (freephone, Mon – Fri, 9am – 9pm, Sat 9.30am – 1pm)

www.nationaldebtline.co.uk

Free helpline giving confidential, independent help on dealing with debt. Can help callers set up debt management plans. The website contains information on a range of money management issues and resources like factsheets and sample letters.

The Samaritans

08457 90 90 90 (24 hours a day)

www.samaritans.org.uk

Confidential emotional support for people who are experiencing feelings of distress or despair, including those which may lead to suicide.

Online

Advice Guide

www.adviceguide.org.uk

Information and advice from the Citizens Advice Bureau on benefits, employment, tax and debt. Also sections on health, your rights and family issues.

Credit Action

www.creditaction.org.uk

A money education charity providing information and advice to help people avoid getting into debt. Includes an online self-help guide to dealing with debt.

Money made clear

www.moneymadeclear.fsa.gov.uk

Excellent website from the Financial Services Authority which describes itself as ‘no selling, no jargon, just facts.’ Includes step-by-step guides on all kinds of money issues, budget and loan calculators and a ‘jargon made clear’ section.

Money matters to me

www.moneymatterstome.co.uk

A clear and detailed site with guides on how certain life changes, such as having a baby or returning to work, will affect your money. Also includes lots of information on managing your money and a range of calculator tools to help you budget, see how much a loan would actually cost you.

Money Saving Expert

www.moneysavingexpert.com

This independent site gives the facts from a consumer’s point of view. It is packed with information on everything you can imagine to do with money, so it isn’t the easiest site to navigate, but the articles and tools are very helpful, especially the following pages:

www.moneysavingexpert.com/loans/debt-help-plan

www.moneysavingexpert.com/banking/Budget-planning

Now Let’s Talk Money

www.nowletstalkmoney.com

Links to a wide range of money-related information from direct.gov.uk. A great place to start searching for the help you need with things like planning your finances, choosing a bank account and knowing your consumer rights.

RAW

www.bbc.co.uk

Lots of information from the BBC on dealing with money issues, including sections on setting up home and starting a new job. Advice is mainly in the form of video or sound clips.

Real Help Now

www.direct.gov.uk

Browse through the links to find information on managing debt, looking for work, rent arrears, savings and loans and many more useful topics from direct.gov.uk.

Money Talk

A helpful guide to words or phrases you might come across when dealing with money.

Remember, if you're dealing with a company or individual regarding money and you don't know what something means, ask! If you still want more information, ask again. People sometimes use confusion or vagueness to get you to sign up to something that might not be the best for you, so always make sure you get the facts before making a decision.

APR: is the 'Annual Percentage Rate'. This tells you the interest you will pay on loans or credit, plus any other charges. This is shown as an annual rate, rather than a monthly rate, so you can easily compare the cost of one loan with another. A loan with an APR of 15% is more expensive than one with an APR of 11%.

ATM: an 'Automated Teller Machine' is a cash dispensing machine (or 'hole in the wall'), which you find in many places including banks, shopping centres and railway stations. In order to be able to use an ATM you need a cashpoint card and a personal identification number (PIN). There is often a limit of, say, £250 per day on your withdrawals.

Balance: is the amount of money you have in your bank or other account at any time (or the amount you owe on your credit or store card). It will be shown on your statement, which you should be sent regularly. 'Balance brought forward' is the balance that was left at the end of the last month.

Bank: a company that provides a range of financial services, such as current and deposit accounts. Banks must be authorised to take your money.

Bounced cheque: if someone writes a cheque but does not have enough money in their account to cover it (or an agreed overdraft to cover it) the bank will return the cheque to the person who it was made out to, and they won't cash it unless it is covered by a cheque guarantee card.

Building society: an organisation that is owned by its members, who are also its customers. They often offer a range of financial services and are similar to banks.

Cash card/ cashpoint card: a card that lets you use a cash machine (ATM/'hole in the wall') to withdraw money, check your balance or print a mini-statement.

Cheque: a written instruction to the bank to pay either yourself or someone else.
Cheque guarantee card: a plastic card that is issued by a bank or building society and guarantees that the amount of money on any cheque you write will be paid – whether or not there is enough money in the account. There is a limit to the amount that is guaranteed – £50 and £100 are common amounts.

Clearing: clearing is the time it takes for your bank to credit money into your account, for example if you have paid in a cheque. It usually takes three days, but can be longer – ask your bank for details.

Credit: an account that is 'in credit' means that there is some money in it that is available to spend. But if you get goods or services 'on credit' it means that someone (for example, a bank or credit institution) has given you the money to make the purchase – they have 'credited' you with the money, and you must pay it back. If you do not pay your credit card on time or have a history of not paying back other loans, this will be shown on your file held by a credit reference agency. When shops or banks check your 'creditworthiness' and see this information, you may find it very difficult to get a loan.

Credit card: a plastic card issued by a bank or building society that allows you to buy things now and pay for them later. Every month you will be sent a statement of your account, showing the minimum amount you must pay back. Interest will be charged on any money still owing. Your 'credit limit' is the maximum amount the credit company will lend you at any time. You have to be 18 or over to apply for a credit card.

Credit reference agency: an agency that holds information about people including things like 'credit account information' (such as your record of repaying loans, credit, mortgage, or hire purchase), as well as records of credit checks that have previously been made.

Credit Union: a savings association that makes loans to its members at a low interest rate. It does not make profits. All members have a common 'bond' such as belonging to the same housing association or live and/or work in the same area.

Debit card: a plastic card that can be used instead of cash (in shops, shopping by phone or on the internet). The amount you spend is taken automatically by computer from your account ('debited' from the account). Some cards (such as Switch and Delta) could let you spend money you don't have in your account – it is not always checked at the time of purchase. Others (such as Solo and Electron) only let the purchase to go ahead if there is enough money in the account. Debit cards also let you get money out of a cashpoint.

Direct debit: an arrangement where the bank releases money from your account to pay bills automatically. The organisation you are paying can change the amount of a direct debit, but you are told in advance how much it will be. If you set up a direct debit to pay household bills you usually receive a discount, and it means that you don't have to worry about sending off a cheque each month (visit www.directdebit.co.uk).

Gross pay: your pay before anything is taken away from it, like income tax and National Insurance contributions. Once these have been taken off it is known as 'net pay'.

Hire purchase: an arrangement where you can take the goods (e.g. a car) away without having paid for them in full. You will probably have to make a deposit and will then make regular payments. After a set length of time, when the goods have been paid for, they are yours.

Income tax: you are allowed to earn a certain amount each year tax-free, but after that the Inland Revenue taxes your income. The money goes to pay for public services like health and education. The basic rate of income tax is currently 22%.

Interest: a proportion (or percentage) of money on top of an original amount. If you save money, you can often receive interest from the bank on the money you save. If you borrow money, you often have to pay interest on the money you've borrowed.

Interest rate: the percentage that is paid in interest on savings or loans. A savings account that was offering 8% interest would give you a better return (more money) than one that was offering 5%. Similarly borrowing money at 22% would cost more than borrowing at 18%.

ISA: ISA means 'Individual Savings Account'. It is a savings account which pays you interest tax free.

Loan shark: someone who lends money but does not hold a 'customer credit licence'. They often charge very high rates of interest.

National Insurance: National Insurance is a type of tax paid by most people in work. It helps to cover the cost of state benefits like pensions, sick pay, maternity pay and employment benefit.

Net pay: the pay you actually get after tax, national insurance and other deductions have been taken off. Also known as 'take home pay'.

Overdraft: if you spend more money than you have in your account you will go 'overdrawn'. To avoid this happening you need to ask the bank if they can lend you some money for a short time. This is known as an overdraft, for which you will pay an agreed rate of interest on the overdraft. If you go overdrawn without letting the bank know, they might refuse to pay your cheques, charge you a higher interest rate and charge a fee.

Pension: an income paid out after someone retires from work. Lots of people save for their own pension, so that they get more than the basic state pension when they retire. If you do this, you can save tax on the money you pay in. When you pay into a pension, you get interest on your payments – and then interest on the interest! If you want a personal pension it's worth starting as early as you can to get the most out of it.

PIN: personal identification number – a secret number which you use with a cash machine card. You type it in and the cash machine checks that the card number and PIN are the same.

Priority debts: these are debts which are more important than others because the law lets the people you owe the money to take serious action against you. Priority debts include things like hire purchase and mortgages because the thing you're paying for (like your car or home) could be taken away if you do not keep up your repayments.

Standing order: a way of paying regular amounts automatically which you set up yourself (as opposed to a direct debit which is set up by the organisation you are paying). Once set up, the bank will pay the agreed amount of money on a regular basis to a particular person or company.

Statement: a document from the bank or building society which shows all your recent payments into and withdrawals from your account. You should check it with your own records.

Store card: a plastic card issued by a shop which lets you buy goods at that store on credit. The APR can be quite high and you must pay something back each month.

Tax year: a 12 month period running from 6th April in one year to 5th April in the next year.

Tenant: someone who rents where they live.

Utility bills: the bills for electricity, water, gas and telephone.

Notes





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