

MADE OF MONEY

SESSION 2: Managing Money

GETTING STARTED...

Doing a money plan (also called a 'budget') is a great way to start taking control of your money. It helps you to figure out what money you have coming in, what you need, and how you can make ends meet.

To put together your own money plan, you will need:

- Bills, statements, letters & receipts relating to your income (money coming in) and expenditure (money going out)
- Details of who you owe money to
- Paper, pens, and a calculator
- Quiet time to focus, without any interruptions
- Maybe a friend or family member to give you help or support

Top Tip: Before you start your budget, you may find it useful to keep a spending diary for between a week and a month—recording everything you spend, no matter how small. You'll find it useful when you get to steps 2 and 3.



You will also need to decide whether to do your plan **weekly** or **monthly**. You can do either, depending upon when your money comes in and how you like to manage your money, but you will need to do some calculations to make all of your figures *either* weekly *or* monthly.

Changing monthly amounts into weekly

If you are making a weekly plan, but have monthly amounts for your income or expenditure, you can change them to weekly amounts:

- Multiply (x) the **monthly amount** by **12**. This gives you the yearly amount.
- Divide (÷) this by **52** and this now gives you the **weekly** amount.

SO: If you pay £30 a month for your mobile, this would be $30 \times 12 \div 52 = £6.92$ a week

Changing weekly amounts into monthly

If on the other hand you decide you want to do a monthly plan, but have some figures weekly

- Multiply (x) your **weekly figure** by **52** to get a yearly figure.
- Divide (÷) by **12** to give you your **monthly** amount.

SO: If you pay £10 a week for gas, this would be $10 \times 52 \div 12 = £43.33$ a month.

**Now that you have everything you need for your money plan,
you're ready to get started!**

Illustrations courtesy of Sebastien Braun (2011)

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Session 2: My Money Plan

STEP 1 YOUR MONEY COMING IN

Use this sheet to record the money you have coming in, your income. Where does it come from? How much is it? When do you receive it?

If you get different income at different times (e.g. some weekly, some bi-weekly, some monthly), decide whether it will work best for you to do your plan **weekly** or **monthly**, and convert all of your income into that.

TYPE OF INCOME	HOW MUCH A WEEK?	HOW MUCH A MONTH?	WHEN DO YOU GET IT? (e.g. 25 th of month)
Wages			
Child Benefit			
Child Tax Credit			
Income Support			
Working Tax Credit			
Employment & Support Allowance/ Job Seekers Allowance			
Housing & Council Tax Reduction Scheme			
Disability Living Allowance / Personal Independence Payment			
Universal Credit (gradually from October 2013 to replace other benefits)			
Other benefits			
Contributions from others			
Other			
TOTAL	<i>Per week</i>	<i>Per month</i>	

TOP TIP: Are you getting everything you are entitled to? Visit a local benefits advisor for a benefits check, or do it online at www.turn2us.org.uk.

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Session 2: My Money Plan

STEP 2 THE BILLS YOU NEED TO PAY

Use this table to record the details of all your current household bills. Include anything (*except* any debt repayment) that goes out regularly.

Don't include your weekly shopping or other day-to-day spending- we will look at those things later.

TYPE OF BILL	HOW MUCH?	WHEN PAID (weekly or monthly)	HOW PAID (e.g. cash, Direct Debit)
Rent/mortgage			
Council Tax			
Service Charge			
Gas			
Electricity			
Water			
Television Licence			
Phone			
Mobile Phone			
Contents/Home Insurance			
Car Insurance			
Cable/Satellite/Broadband			
Other:			
Total			

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SESSION 3: Credit

STEP 3 | THE OTHER THINGS YOU NEED TO BUY

There are many other things that you will spend money on, as well as your bills. Use the sheet overleaf to record what you spend over a week or month to give you an accurate picture of your spending.

This is where using your **spending diary** can be helpful in remembering where your money goes. So if you have started keeping it, this part of your money plan should be much easier!

The list over the page doesn't cover everything, so include things that you and your household regularly spend money on.

If, you didn't spend money on something over the time you have been keeping your spending diary, but you usually do, (eg clothes, or takeaway) try to estimate how much you would spend in an average week or month.

It can be hard to put down all the things you spend money on, but putting down the full picture means you **can be honest and have a real, full picture** of where your money is going.

TOP TIP: Remember to keep all your figures weekly or monthly-switching between the two will mean your plan won't be correct!



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MADE OF MONEY

SESSION 3: Credit

STEP 3 | THE OTHER THINGS YOU NEED TO BUY

TYPE OF EXPENDITURE	TOTAL WEEKLY		TOTAL MONTHLY <i>(If doing a monthly budget)</i>
Food shopping			
Travel /Petrol			
Household & toiletries			
Going out / Eating out			
School costs			
Childcare			
Tobacco/alcohol		<i>To go from weekly → monthly</i>	
Clothes for self/partner			
Children's clothes		<i>multiply (x) by 52 and divide (÷) by 12</i>	
Papers/Magazines			
Holidays/Day Trips			
Presents			
Lunches/snacks/sweets			
Pet costs			
Toys/books			
TOTAL WEEKLY:		OR TOTAL MONTHLY:	

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SESSION 3: My Money Plan

STEP 4 YEARLY OR OCCASIONAL SPENDING

Some things we only pay for once a year, or once every few months, and we often forget them when doing a weekly or monthly money plan. This means that we don't have the money to pay for them when the time comes.

Putting these items in your money plan ahead of time means you are less likely to need to take out high-cost credit, or get into debt.

Some suggestions of things that have to be paid less regularly are: birthday presents or parties, haircuts, holidays, MOT, Christmas and other celebrations, school uniforms,... but these are just suggestions. Have a think about your own situation and list them below.

Top Tip: Some people find it useful to have a jar, envelope or even separate bank account where they put aside money each month for these yearly or occasional expenses. That way the money is there when they need it.

But be sure that you won't go into debt in your main account if you do this, and savings might affect some benefits, so speak to an advisor to find out more.

ITEM	ANNUAL COST	WEEKLY OR MONTHLY COST
<i>EXAMPLE: School Uniform</i>	<i>£135.50</i>	<i>£11.29 monthly</i>
TOTAL WEEKLY / MONTHLY TO ADD TO BUDGET		

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SESSION 4: My money plan

STEP 5 | DO YOU OWE ANY MONEY?

If you owe anyone any money, use this sheet to record it. Put down all the debts you have- it can be tempting to ignore some, but if you do, you won't be seeing the full picture and could get deeper into debt. So take **a deep breath and be honest!**

In the table below, record all that you owe (including to family or friends), and whether you are making repayments or not.

If you are repaying debts, put down how much and when, so this can be included in your money plan too. If you're not yet repaying them, you still need to write down your debts so you can see what you can afford to repay in the future.

TYPE OF DEBT	HOW MUCH IS OWED?	ARE YOU REPAYING? HOW MUCH?	WHEN ARE REPAYMENTS DUE? (WEEKLY/MONTHLY)
Rent arrears			
Council Tax arrears			
Gas/Electricity arrears			
Water arrears			
Catalogue			
Money Lender			
Hire Purchase <i>(e.g. Bright House)</i>			
Bank <i>(eg overdraft, loan)</i>			
Credit cards <i>(unless paying off in full each month)</i>			
Credit union			
Gambling debts			
Court Fines			
Other			
TOTAL			TOTAL PAYING OFF EACH WEEK/MONTH



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SESSION 4: My money plan

STEP 6 | PUTTING IT ALL TOGETHER

Now you have done all the hard work, the next step is to put together your money plan- to see your **current** situation.

You will do this with all the figures you have collected in steps 1-5.

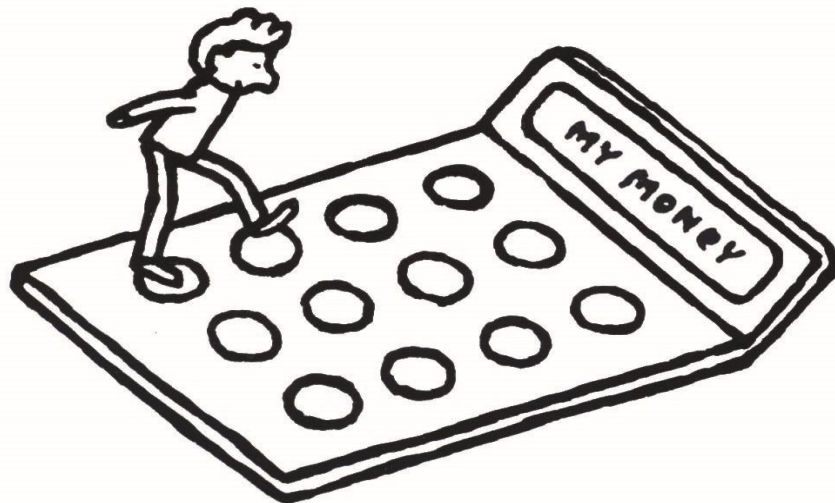
Put these into the summary sheet on the next page.

At the bottom of the page, you can then work out: **total income (money coming in) minus total expenditure (money going out)**

This will show you whether you have any money left at the end of the month, or whether you are regularly spending more than what you have coming in.

REMEMBER: before you do this you need to decide whether you are going to fill this sheet with monthly or weekly figures. Either is fine, but be sure not to switch between the two.

Don't panic if this figure is negative at the moment- at least you are addressing your money situation! We will look at how you might make



changes to improve your situation in the next step.

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SESSION 4: My money plan

MONEY COMING IN (STEP 1)

STEP 1	INCOME	WEEKLY/MONTHLY
	Total Wages	
	Total Benefits	
	Contributions from others	
	Other	
	TOTAL	£

MONEY GOING OUT (STEPS 2, 3, 4 & 5)

STEP 2	BILLS	WEEKLY/MONTHLY
	Rent/mortgage	
	Council tax	
	Gas	
	Electricity	
	Water	
	TV licence	
	Phone/mobile	
	Insurance	
	TV/broadband	
	Other	
TOTAL	£	

STEP 3	DAILY SPENDING	WEEKLY/MONTHLY
	Food	
	Travel/petrol	
	Household	
	Childcare	
	Clothes	
	School costs	
	Pet costs	
	Smoking/drinking	
	Eating out/takeaway	
	Trips out	
	Presents	
	Toys/books/games	
	Other	
TOTAL	£	

STEP 4	YEARLY SPENDS	WEEKLY/MONTHLY
	Holidays	
	Birthdays	
	Car	
	Haircuts	
	Clothes/uniforms	
	Christmas/festivals	
	Rainy day savings	
Other		
TOTAL	£	

STEP 5	REPAYMENTS	WEEKLY/MONTHLY
	Arrears	
	Loans	
	Credit cards/catalogues	
	Fines/court fees	
	Other	
	TOTAL	£

TOTAL MONEY GOING OUT

= ADD UP ALL 4 BOXES:

£ + £ + £ + £ = £

HOW ARE YOU DOING?

Total money coming in	£ <input type="text"/>
Total money going out	£ <input type="text"/>
Leaving you with	£ <input type="text"/>

is this figure + or -?
are there things you could change to help?

MADE OF MONEY

SESSION 5: Communication

STEP 7 | MAKING CHANGES

Well done! You have figured out where all your money is going at the moment.

You may look at your plan and think you could save a bit of money, or even make some bigger changes. You may want to repay debts that are building up, or be able to save a bit.

Make a list of things you spend money on that you could cut back on, or do without altogether. Get everyone in your household involved to see what ideas you can all come up with.



TOP TIP: Think of some of the money saving tips you have already used, or picked up from elsewhere. One great place is the Money Saving Expert website: www.moneysavingexpert.co.uk.

Are there any that you could use to save yourself some money?

It can be really encouraging to see your savings grow, or your debts shrink. Or perhaps you want to set yourself a target of having something to look forward to- perhaps a treat or being able to afford something you really want.

Use the 'Action Sheet' overleaf to record any money-saving actions you think you might be able to take.

Some tips on trying to cut your expenditure:

- Don't restrict yourself too much – it's easy to assume e.g. that you spend too much on food so cut your food budget in half. In reality this may not be the case! Be realistic otherwise you won't be able to stick to it.
- Don't wipe out all your treats - you will only resent your new budget and this will make you less likely to succeed.
- Make sure you think of everything. Is there anything coming up in the next month, or year, that isn't typical expenditure and needs to be budgeted for?

Illustrations courtesy of Sebastien Braun (2011)

MADE OF MONEY

SESSION 5: Communication

STEP 7 | MAKING CHANGES

Look at each area in turn to see if it is possible for you to make any savings.

AT HOME (UTILITY BILLS, TELEPHONE, TV COSTS ETC)

	WAYS YOU COULD SAVE...	POSSIBLE SAVING (£)
1.		
2.		
3.		
4.		

TRAVEL

	WAYS YOU COULD SAVE...	POSSIBLE SAVING (£)
1.		
2.		
3.		
4.		

FOOD / CLOTHES

	WAYS YOU COULD SAVE...	POSSIBLE SAVING (£)
1.		
2.		
3.		
4.		

OTHER EXPENSES

	WAYS YOU COULD SAVE...	POSSIBLE SAVING (£)
1.		
2.		
3.		
4.		

OTHER PEOPLE IN THE HOUSEHOLD

	WAYS YOU COULD SAVE...	POSSIBLE SAVING (£)
1.		
2.		
3.		
4.		

TOTAL ESTIMATED SAVINGS POSSIBLE: £

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SESSION 5: Communication

STEP 8 | MAKING A NEW MONEY PLAN

After thinking about the changes you can make, it's time to make your money plan for the future.

Add in all the changes you identified, with estimated savings, and then put your new figures in the table over the page. You may also decide to cut some things out completely. You can add this in, too.

This will give you a **new money plan** to work with going forward- hopefully with some positive changes from the last one!

If you have debts and would like to think about paying them back, it's worth seeing a free debt advisor (contacts below) to find the best way of doing this.

TOP TIP: It's better to make small changes to start with. If you find it's manageable, you can always try making some more changes. This way, you are much more likely to feel positive, and carry on with it.

You might want to try this plan out for a few weeks or so to see if it is realistic. Why not use your spending diary to keep track of your actual spending when you start your new money plan?

If you still can't make your budget balance, then **don't panic**.



This may mean you are having to borrow to cover daily costs, and getting into debt. It is time to seek help from a debt advisor, who will be able to look into other options to reduce your outgoings or help clear your debts.

You can **always** find free debt advice. Some national charities contact details are below. Or talk to your Made of Money facilitator about **local free debt advice** where you can go and see someone.

National Helplines

These organisations will **not** ask for any money and are free to call from a landline

- *Step Change Debt Charity (formerly CCCS)* **0800 138 1111** www.stepchange.org
- *National Debt line* **0808 808 4000** www.nationaldebtline.co.uk
- *Payplan* **0800 280 2816** www.payplan.com

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MADE OF MONEY

SESSION 5: Communication

STEP 8 | MAKING A NEW MONEY PLAN

MONEY COMING IN (STEP 1)

STEP 1	INCOME	WEEKLY/MONTHLY
	Total Wages	
	Total Benefits	
	Contributions from others	
	Other	
	TOTAL	£

MONEY GOING OUT (STEPS 2, 3, 4 & 5)

STEP 2	BILLS	WEEKLY/MONTHLY
	Rent/mortgage	
	Council tax	
	Gas	
	Electricity	
	Water	
	TV licence	
	Phone/mobile	
	Insurance	
	TV/broadband	
	Other	
	TOTAL	£

STEP 3	DAILY SPENDING	WEEKLY/MONTHLY
	Food	
	Travel/petrol	
	Household	
	Childcare	
	Clothes	
	School costs	
	Pet costs	
	Smoking/drinking	
	Eating out/takeaway	
	Trips out	
	Presents	
	Toys/books/games	
Other		
TOTAL	£	

STEP 4	YEARLY SPENDS	WEEKLY/MONTHLY
	Holidays	
	Birthdays	
	Car	
	Haircuts	
	Clothes/uniforms	
	Christmas/festivals	
	Rainy day savings	
	Other	
TOTAL	£	

STEP 5	REPAYMENTS	WEEKLY/MONTHLY
	Arrears	
	Loans	
	Credit cards/catalogues	
	Fines/ court fees	
	Other	
	TOTAL	£

TOTAL MONEY GOING OUT

= ADD UP ALL 4 BOXES:

£ + £ + £ + £ = £

HOW ARE YOU DOING?

Total money coming in	£ <input type="text"/>
Total money going out	£ <input type="text"/>
Leaving you with	£ <input type="text"/>
Change from Step 6:	£ <input type="text"/>

WELL DONE!