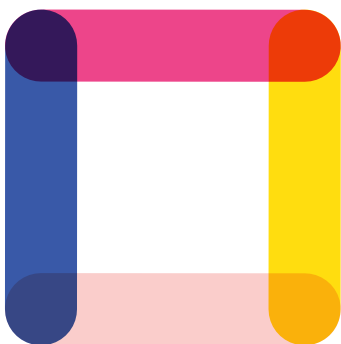
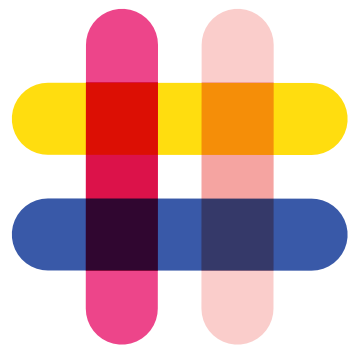


Planning Your Money to Live Independently

A kit for young people and the adults who care for them



Dear young people, foster carers & support staff,



Welcome to this planning kit! It's for young people in care and the adults who care for them to go through together, while a young person is preparing to move into their independent or semi-independent home.

Firstly, we'd like to wish happiness and luck to those of you planning your money as you become more independent. This short kit is designed to make life easier for you by talking you through the process in a simple way.

You'll be able to create a budget that you can use straight away, and which will be flexible enough to grow with you as you explore and enjoy your new life. Do keep using this as long as it's helpful but there are lots of other tools out there too – we've shared some in this guide.

- **We included a mix of things you need to know now, and links to help in the future**
- **Check out what's here and do keep it with you**
- **Do expect to remake your money plan over time as your plans and needs change.**

Moving into independent living can be an exciting time. You might also feel anxious and planning your money can help with that. Think about your dreams, talents and hopes for the future while you are working through this kit. Talking about money together is an opportunity for you to explore what you want from life and how you want to live, in a way that feels right for you. We hope this resource will help!

Best wishes,

— **The Made of Money Team.**





1. Why plan your money?

One simple thing that can help you feel on top of your money is planning it. People make time to plan their money because:

- **they like to know they'll have money when they need it**
- **they can enjoy spending it as they know how much they can afford to spend**
- **or simply because it helps them feel calmer about money.**

You may already plan how to use your money. This resource is to talk you through using those skills for a bigger plan to cover all your living costs. A money plan is called a budget.

We'll talk about money planning in the following ways...

In [Section 2](#) we'll show you a budget for children looked after. This shows you all the costs that someone is responsible for paying (with money from their foster parents).

In [Section 3](#) we'll show you three more budgets:

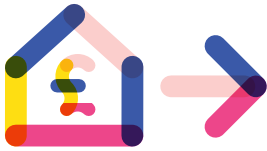
- 'A budget for semi-independent living when you are studying' is for someone in semi-independent living. This budget shows the different places their income comes from and all the costs they have, including which ones they pay directly.
- 'A budget for independent living when you are working' is for someone living independently and this budget shows the kinds of things they would need to pay for in independent living.
- 'A budget for independent living if you are on benefits' shows a budget for someone living independently who is not working at the moment, so you can see the difference.

In [Section 4](#) we talk you through making your first budget (or second, third etc!) and share a template you can use to plan out your budget.

[Section 5](#) shares some thoughts about planning your money at the point where you are responsible for furnishing your home and get a grant for moving out.

Hold onto [Section 6](#) because it has some points to think about if you think you might need to borrow money.

[Section 7](#) has some recommendations and pointers for the future. We know some links will change over time and we will be checking them regularly, but please check your own settings as some work computers have restrictions on sites like YouTube and social media.



2. What are you responsible for paying for before you move out?

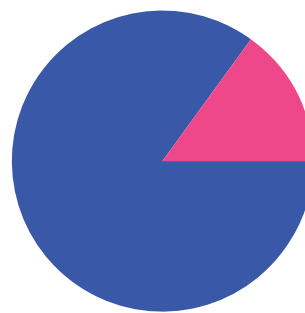
The child looked after budget

This is a budget for someone who is 15 years old and in care. Most of their expenses are paid through their Local Authority, though there are some costs they are responsible for paying, (with money from their foster parents). When they move out, this will change. See how it might change in [Section 3](#).

EXPENSES

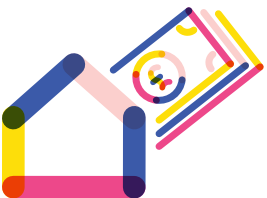
Paid for through the local authority

Mortgage/rent
Electricity and Gas
Council Tax
Water
Home Insurance
Broadband/phone
TV licence
Food
TV subscription



This young person is responsible for paying

Travel
Personal care & toiletries
Clothes
Going out/entertainment
School supplies
Phone



3. What happens with your money when you move into semi-independent living and independent living?

You'll get more money than you may have had so far, but you'll also need to pay for more things with it. To see what this could look like, have a look at the example budgets for semi-independent living, below. Do bear in mind that the costs and allowances in this document were correct at the time of publishing in late 2023, but they will vary regionally and will change over time. Click on [this Turn2Us benefits calculator](#) to check how much money you could currently be entitled to.

If you have a disability, your entitlement to benefits may be different, and could include a Personal Independence Payment (Pip). The Turn2us calculator above will help you make a start with this and you can also find a general introduction to disability and benefits on this [Citizens Advice page](#).

The budget for semi-independent living when you are studying

This is a budget for someone in semi-independent living who is studying, so they receive money to support them with that. They also now have more things to budget for, such as food, service charge, going out, and entertainment at home like Netflix. As this is for someone who is 18, they pay a service charge, but if they were younger than 18, they would not pay that.

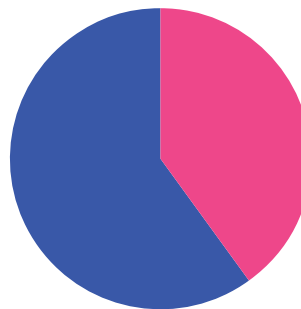
INCOME

Universal credit	£292
Travel allowance	£80
Monthly Bursary	£100
<hr/>	
Total	£472

EXPENSES

Paid for through the local authority

Rent: Amount varies
Service charge: £51.24
(Electricity and Gas;
Council Tax;
Water;
Home Insurance;
Broadband/phone
& TV licence)



This young person is responsible for paying

Food: £100
Mobile phone: £22.76
Toiletries: £20
Travel expenses: £50
(free bus & Tram + top-up)
Takeout: £30
Clothes: £100
Going out: £70
Netflix: £11
Gym: £15
Total: £418.76

A budget for living independently when you're working

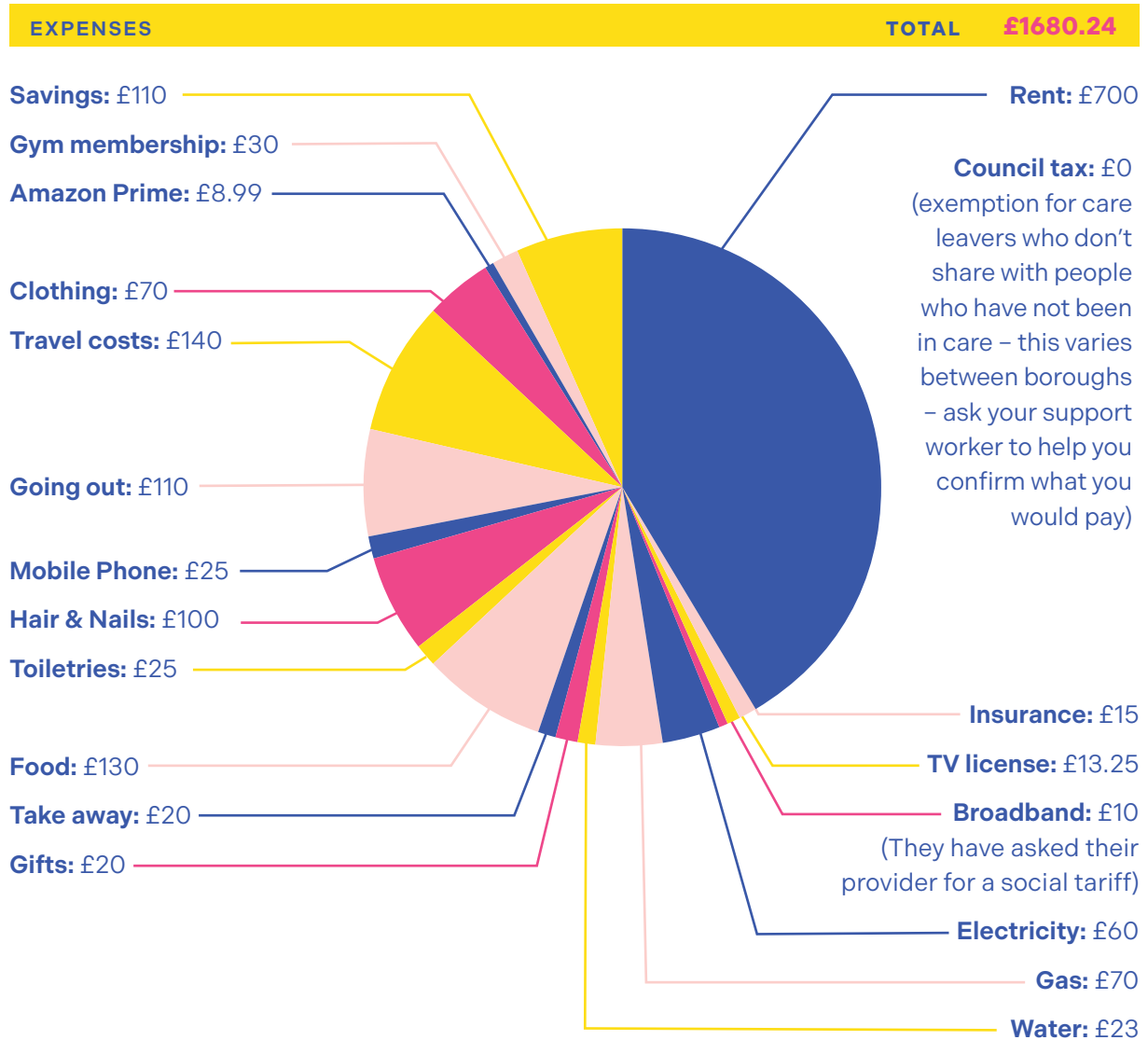
This budget shows the income one young person might get, and how they plan to spend their money. They work full-time in a job they enjoy and pay 100% of their costs themselves.

You'll notice that as well as their other expenses, they need to pay tax, National Insurance & pension contributions. Most employers have by law to take these from their employees' pay before they get their money (these are called deductions). Employers will give the pension contributions, the tax and national insurance money to the government. These deductions come out of everyone's wages, even though they aren't the person who makes the payment.

If you do any work for yourself, even a side hustle, it is your responsibility to register for tax and to save money to pay your tax from the money you make. You will then pay tax and National Insurance directly to the government, yourself. You will also need to arrange a pension to top up your state pension. [This page on the Moneyhelper site](#) can help you find out more about the money side of being self-employed.

PAY PER MONTH		£1,820
EMPLOYER DEDUCTIONS (the money our employers have to take off before we get it)		
Income tax		£147
Income tax of 20% needs to be paid on money you earn, once you are being paid a certain amount of money. In 2023, the year of this example budget the amount you'd need to earn in a year before needing to pay tax is £12,570. The tax is deducted throughout the year, based on you what you would earn if you worked at that same salary for a whole year. If you start earning significantly more money the rate of tax will go up. The rates here are current to 2023 but will change in time. And we would invite people to use this link for current rates.		
National insurance		£93
National Insurance contributions are how you pay into your state pension. This is an important part of your income after retirement but needs to be topped up. Most people do this through a workplace pension.		
Student loan repayment		£0
(They don't have a student loan)		
Compulsory employer pension contribution (3%)		£55
This is your workplace pension. Your employer will deduct 3% of your salary for your pension and contribute 5% on top of 3% from your wages, making 8% in total. You can opt to pay more.		
TAKE HOME PAY		£1,525
(what they actually receive in their bank account)		
They also get a £157.13 monthly Universal Credit payment, making their total income (after tax):		£1,682.13

If you are employed by a person or company, they legally have to pay you the minimum wage. This will go up to £10 an hour for 18-20 year olds in April 2025. It will be higher for adults aged 21 and over (£12.21) and lower for under-18s. It rises over time, so [click here](#) for current rates.

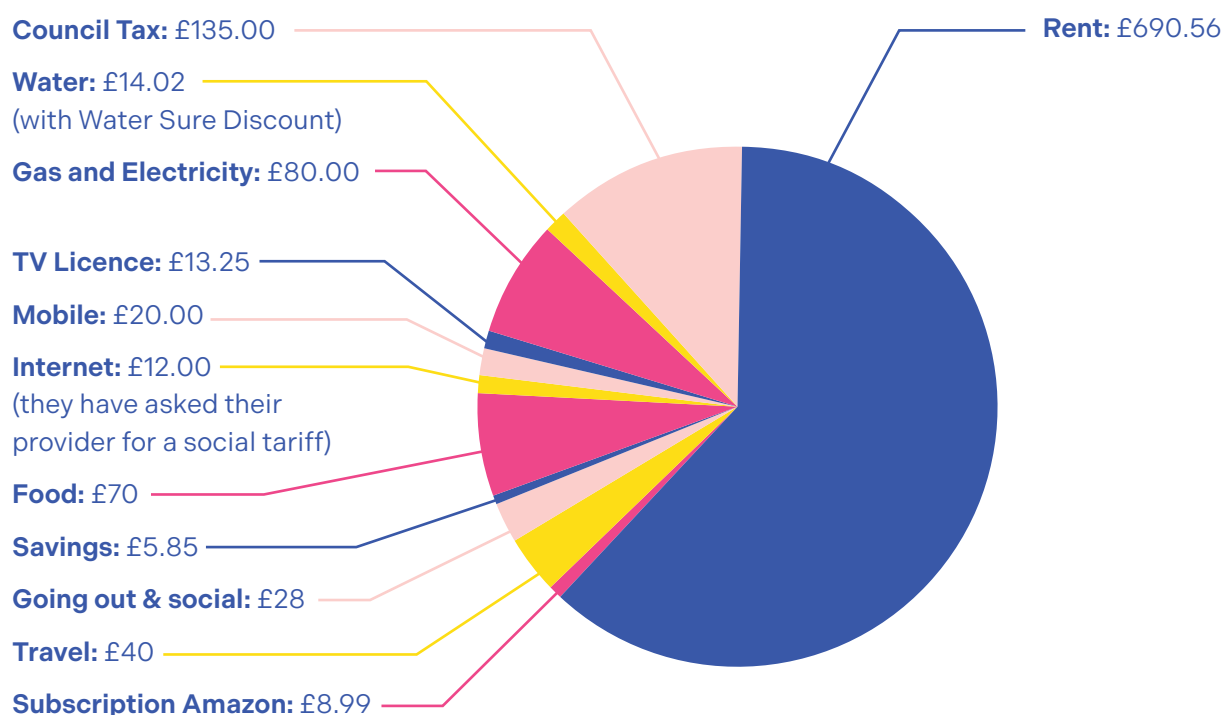


A budget for living independently if you are on benefits

This is a very different example budget from the budget for living independently when you are working, and you'll see that this person would still have a lot of the same fixed costs, such as water. We'd point out that both the independent living budgets show the person has saved money by getting a social broadband tariff (see section 7).

INCOME	TOTAL	£1,117.67
UC Standard Allowance		£292.11
UC Rent Allowance		£690.56
Council Tax Benefit		£135
TOTAL		£1,117.67

EXPENSES	TOTAL	£1,117.67
----------	-------	-----------



This section shows three example budgets. We know that young people's situations can vary and things like whether you are working, or studying, your age or your residency status often change your income, sometimes a lot. Your social worker or support worker should be able to help you work out how much money you will have. This will help you start planning.



4. What would I want my first budget to look like?

How to make a day-to-day budget

There are only three steps to making a budget:

- **Work out what money you have coming in**
- **Work out what you need to spend each month. Usually you'd start with the things you need, before working around to the things you want. If that feels a hard way to begin, you could start with a couple of things you want, to get your thoughts flowing.**
- **Save something, even if you can only afford a small amount.**

Budgeting experts are full of tips, and these come up time after time:

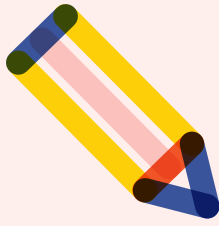
- **Budget for little treats. If a plan doesn't include money for treats, most people won't stick to it.**
- **Prepare for surprises, good and bad. Life has a habit of surprising us, which is why saving something each month is so important!**

Finally, when you move into your new place, you can decide how to use your money to make yourself feel at home. What would that look like for you? Do you want to budget for hot baths/long showers? Is cooking up a huge plate of food for friends what makes you feel at home? Is there a certain brand of laundry liquid that you want to keep using? Do plan in any money you might need for this.

Making your budget

We suggest you might want to start with a simple budget. We've put a template below and included very common expense categories, but also left some blank for your own needs. Don't be surprised if you need to go back and change bits once you've added it up. This is usual.

You can keep your budget on paper or digitally on your own device – whatever works for you. The important thing is that it's easy to have access to it so you can check in when you need to. You might want to keep the amount you have to spend each month somewhere handy so you can keep track.



My income

Put in all the money you get regularly from different sources, e.g., benefits, earnings, etc:

If you'd like to try a different template, we can recommend two other ones:

NatWest have a good free tool [here](#) for simple budgets and it might be a good place to start.

StepChange have a straightforward free template [here](#). This has more detail, so is good for independent living.

[This video](#) from StepChange talks you through making a budget. You'll notice they talk about priority and non-priority bills. This helps you work out which bills to pay first if money is really tight.

Explainer: Priority bills are for expenses where the product you're paying for (e.g., electricity) or the penalty for not paying it (e.g., losing energy supply) affect your basic ability to live and they are the most important bills. *If you are ever having to decide what to pay, do seek help – there are recommendations for free help on debt support in [Section 5](#).*

TIP: Many people find it easier to separate the money for bills and rent from the rest of their spending, either in another account or a 'pot' within their account, if their bank offers that option.

My Costs

Put in all the things you will need to pay regularly,
then get your calculator and get started!

COST	DO I PAY FOR THIS DIRECTLY?	IF SO, HOW MUCH DO YOU NEED TO PLAN FOR IT?
Rent	Yes/No	
Electricity	Yes/No	
Water	Yes/No	
TV licence	Yes/No	
Phone	Yes/No	
Wi-Fi	Yes/No	
Council Tax	Yes/No	£0*
Home Insurance		
Food		
TV subscription		
Local travel		
Toiletries		
Hair & Nails		
Mobile Phone		
Going out		
Savings		
Holiday saving		
Gifts		
Gym		

* Exemption for care leavers who don't share with people who have not been in care. This varies between boroughs.



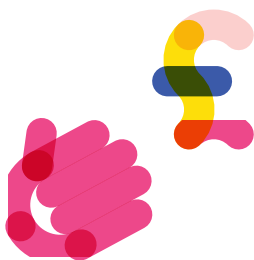
* This will vary between local authorities. Some will use some of this money to purchase things on your behalf. Your support worker can help you clarify exactly how much you will have.

5. Moving in budget

Using your moving budget to set up your new place

When you move into your new place you will have a budget of around £2000* to spend on furniture and so on. This is your opportunity to create your own space, set things up in the way you would like and make it feel like home. These questions can help you think about how you might do that:

- **What basics do you need? Some places already have a fridge or a cooker, some don't.**
- **What furniture will you need? It can help to think about what you'll be doing in your room and what sort of storage you'll need to keep your stuff safe and organised how you like it.**
- **Are there things that you want to bring with you from where you are now? It can be nice to keep a favourite duvet cover, mug or things like that.**
- **This is your place, so what is important to you? If you know that you'll want to have friends over you might budget for extra cups or plates, or an extra chair or two for people to sit. Or if you like gaming you can put some of your budget towards creating a space for that.**
- **If you get everything you need within your budget, you can keep any money you save for your next place.**
- **Your money can go further if you can find good quality items second hand. What would you be happy to buy second hand and what would you like to get that is new?**



6. If you need to borrow

There are lots of different ways to borrow money, and if you want to find out more, look at the borrowing section in our 16+ resource. But for now, it's worth bearing these points in mind:

Every legal finance business will have the FCA (Financial Conduct Authority) logo. Click on the [link](#) to see what it looks like. We can't share it here because although we are reputable, we are not a finance company, so we are not FCA licensed!

Credit cards can seem like the answer when you are short of money, but you do have to pay it back. On top of very high interest rates, you'll have to pay extra charges if you don't pay back on time. The debt can quickly get out of control as the interest and fees all add up. If you only pay back the minimum each month, it's easy to think the debt isn't getting bigger – but it is because interest is always being added on. So, use credit cards with great caution.

Some borrowing costs a lot more than others. Martin Lewis has a great [loan calculator](#) on the Money Saving Expert site, which can help you get to grips with how expensive any type of borrowing is.

If you are getting universal credit and urgently need money for something in your home, you can request a budgeting loan from the DWP (Department for Work and Pensions). They are usually the best way to borrow money if you are eligible, as they don't charge interest and you repay it weekly, over one or two years.

Loan sharks can be hard to spot as they will typically be recommended by someone you know, as someone who 'just does favours for people with money now and then'. They'll be really nice to you, and quite likely be from your own community, then once you've borrowed the money the demands can grow huge and involve other exploitation. It's illegal though and if you get help, they'll be punished, not you. To get confidential 24-hour advice on loan sharks with no obligation to act, go to <https://www.stoploansharks.co.uk/>

You may hear people talking about CCJs or County Court Judgements, which are made when county court has decided someone owes money and needs to pay it back. Moneyhelper talk through the process clearly and Citizens Advice offer support.



7. In the future

Here are our top 5 helpful things to help you manage your money in the near future:

- **Getting the best price for your utilities.** Some bills are fixed (like water or council tax) and you just must pay the amount they bill you. Things like insurance, internet and increasingly gas/electricity are not fixed, so you can save a lot of money by getting the right deal. Price comparison sites like USwitch or Compare the Market make this easy and cost nothing to use.
- **At the point where you start paying for your own internet, check the Money Saving Expert page for social broadband tariffs.** These are not publicised but are if you're on a lower income you are eligible and providers have to offer them, and they are a lot cheaper.
- **When you are ready to save, look at Help to Save.** This is a government scheme which is the best value for savings out there.
- **If the money feels like it's getting on top of you, get help early and never pay for it.** Check out these links for support: [National Debtline](#), [Stepchange](#), [Turn2Us](#)
- **To build habits that help you, follow care leaver Demi Jackson-Fortey: [@savingmoneybish](#)**



Money language explained

Net Pay	The money you get to keep from your wages AFTER the tax, pension contribution and national insurance has been taken off
Gross Pay	The money you are paid BEFORE the tax and national insurance has been taken off
Bank Balance	The amount of money you have available in your bank account
DR/Debit /Paid out	These are all different terms for the same thing– money that has left your bank account
CR/Credit /Paid in	These are all terms for the same thing– money that has come into your bank account
Direct Debit or DD	A regular payment based on a formal agreement with a business, that allows them to withdraw money from your bank account
Standing order or SO	A payment you can set up to pay a person or a business as a one off or on a regular basis. You can set it up and cancel it when you want
Sort Code	A six number code that identifies your bank
Account Number	Your one-off number that identifies you as a customer when you have a bank account
ATM	Cash point
HMRC /His Majesty's Revenue and Customs /HM Revenue and Customs	The government department that deals with taxes other than Council Tax (that is handled by individual local authorities)
National Insurance Number/ NI number	Just before your 16th birthday the government (HMRC) sends you a code of letters and numbers. You are the only person with that number and you keep it all through your life. You need it to be employed legally, pay tax and claim benefits. If it doesn't arrive by your 16th birthday tell your support worker.
CCJ/County Court Judgement	A judgement by a court that you owe someone money and need to pay it back (see section 6).

Utilities	Essential services that supply your home, like gas, electricity and water
Key Meter	A pay-as-you go meter which lets gas or electricity into your home as long as it has credit left. When the credit is running low you need to top it up or the energy stops. You can't run up debts, but you can run out at a difficult time. Citizens Advice have details
Household display unit/HDU	This is the part of a smart meter that shows you how much energy you are using. If your meter is outside your home, the HDU should be a separate device that communicates remotely with your meter

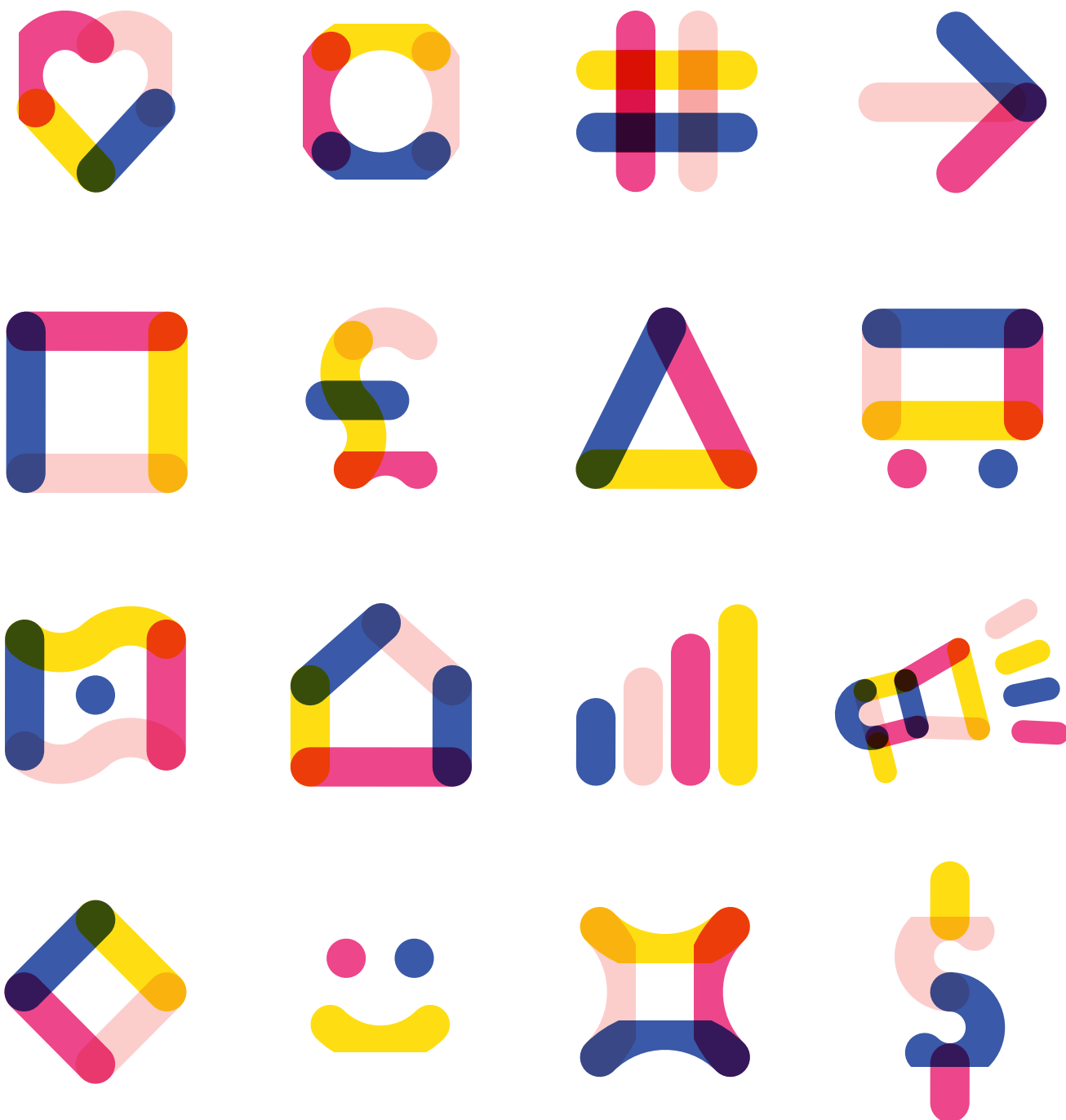


For more information on understanding your payslip, [click here](#).

If you'd like more info on managing your money goals as a young person, [here's a reliable guide](#).

We hope this planning guide has been helpful – if you have questions, or to let us know how you found the resources, please do get in touch with us at: madeofmoney@qsa.org.uk





THIS RESOURCE IS PRODUCED AS PART OF A PROJECT

Building the Money Springboard: How to provide money learning at the moments young people need it

This work is produced by the Made of Money project at Quaker Social Action as part of a collaboration with St Christopher's Fellowship and is funded by the Money & Pensions Service. January 2024 © Copyright QSA (Quaker Social Action)



**Money &
Pensions
Service**

