

## Money matters

The CABA guide to financial wellbeing



Some of the information in this guide applies to the UK only

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## Debt: a problem best tackled early

At CABA, we don't have any evidence that large and escalating numbers of chartered accountants are suffering from significant money problems. But our research suggests many in the profession are tightening their belts. Our latest survey shows 44% of working chartered accountants are concerned about the increased cost of living, while 30% say they are dipping into their savings. Meanwhile 26% are cutting back on luxury items.

Of the people who approached us for help in 2012, 13% asked for advice on how to manage debt. The vast majority of these people found themselves unexpectedly in trouble because they'd been affected by redundancy, illness, accident or relationship breakdown.

In a sense, these results reveal little that should surprise us. While it's true that chartered accountants are experts in financial matters, their profession doesn't insulate them against the negative aspects of living in the post-credit crunch world.

The fact that so many are making economies suggests that if illness or redundancy does strike, the average accountant's protective financial buffer may well be reduced. Sometimes we receive calls from people who don't know how they'll survive the week. So the truth is that financial hardship does happen to accountants, and it can hit hard.

### 'If only they'd called us sooner'

Most of the people who ask us for help call us when their finances are in the process of breaking down completely, despite their best efforts.

But if they'd contacted us sooner, we could have made a greater impact on their financial problems. After all, as accountants know, it's much easier to unpick debt problems early on rather than when it's too late.

Thankfully the vast majority of those working in the profession still enjoy a degree of financial health that many others would envy. But today's chilly economic winds are affecting most people to some degree, and that means everyone is potentially more vulnerable.

CABA's advice is this: if you feel your financial situation is slipping, don't wait to see what happens. Get in touch with us now. Our service is professional and 100% confidential.

In the meantime, we hope this guide will provide you with useful information that you can share with others.

**Kath Haines**  
**Chief Executive**

## How to begin

The first step to tackling debt is to recognise you have a problem. Then you can start to work out how much money you have coming in compared with how much you spend, as well as devising ways of making more and spending less.

## Feeling stressed about your finances?

Not sure if you're on the road to having debt problems? If any of the following apply to you, it's time to start giving your finances some serious thought:

### **You can't put a figure on what you owe**

Not being aware of exactly how much money you owe could mean your debts may be more serious than you think.

### **You don't pay your bills on time**

Not paying bills when they're due could mean you'll have to stump up for extra charges, which means more of your cash is eaten up by debt.

### **You frequently exceed your credit limit**

Going over your overdraft or credit card limit could also eat up more cash with high fees and charges.

### **You take out more loans to pay off your debts**

Borrowing more to manage your debts just gets you deeper into trouble, because you'll have more debts to pay off. If you borrow on a credit card when you need cash – or worse, if you take out a payday loan – you could face hefty interest charges too.

### **You repay the bare minimum each month**

Paying the lowest monthly payments possible means your debts will take much longer to pay off, and you'll end up paying lots more in interest.

### **You use your credit card for cash**

It may be tempting to withdraw cash on your credit card when your bank balance isn't as healthy as it should be, but the interest rates on credit card cash withdrawals are usually high, and you may also have to pay a withdrawal fee.

The good news is that if any of these situations sound familiar, taking steps now, rather than waiting until things get worse, can help you take control of your finances before things spiral out of control.

If any of these warning signs apply to you, you may need to take action. If you do the right things now, you can take control of your debt. You'll be happier and you may find the process is easier than you expect.

### **Remember...**

Don't be afraid of tackling your debts – it's probably much easier than you think

# Budgeting: how to get started

Successful budgeting – in other words, making sure you don't spend more than you earn – is at the heart of any good debt management advice.

It doesn't have to be a chore, either. All you need is about half an hour once a quarter to conduct your own self-assessment, which will allow you to be fully in control of your budget.

The first thing to do is to complete the budget planner at the back of this guide. This records all your outgoing expenses, from mortgage payments, rent or credit card payments to utility bills and other sundry expenses. Include all your regular payments, even the daily cup of coffee and newspaper you buy on the way to work. Then compare your outgoings to how much money you have coming in.

Knowing exactly how much you're paying out each month can help you work out where you may be able to cut back and save money.

Take that daily cup of coffee, for instance. You may decide to cut back to one or two cups a week. A simple measure like this could save you quite a bit over the course of a year. And you could put that extra money in a savings account to help pay for a holiday, Christmas presents or unexpected expenses.

The following pages in this guide have lots more information about budgeting that can help you. And when you're ready, turn to the back pages and complete your personal budget planner – a straightforward budget sheet that will track what your money is being spent on.

Online budgeting tools can also be an effective way of monitoring your income and expenses. Turn to page 11 for some examples of free internet-based budget planners and debt management tools that you may find useful.



# Five-point checklist

While tackling your debts, make sure you complete the following five steps on our checklist:

- |  |  |
|--|--|
| <p><input checked="" type="checkbox"/> <b>1. Raising more income</b><br/>Find out if there are any other ways of making more money, such as claiming benefits you're entitled to (page 14) or checking whether or not you're paying too much income tax.</p> | <p><input checked="" type="checkbox"/> <b>4. Prioritising debts</b><br/>Look at the most important debts, such as your mortgage, rent, council tax, gas and electric (page 22). These are the ones you should pay off first.</p>   |
| <p><input checked="" type="checkbox"/> <b>2. Making savings</b><br/>Ask yourself what ways there may be of spending less on your monthly bills, such as switching to a cheaper energy supplier (page 20) or saving money on your food bill (page 17).</p>    | <p><input checked="" type="checkbox"/> <b>5. Paying non-priority debts</b><br/>When you have tackled your priority debts it's time to work out how to manage any other, non-priority, debts – in other words, debts that don't put your home or energy supplies at risk (page 24).</p> |
| <p><input checked="" type="checkbox"/> <b>3. Dealing with debts</b><br/>When you have completed your personal budget plan, with all your incomings and outgoings listed, don't just sit back and relax. Now's the time to tackle your debts.</p>             | <p>If you ignore your non-priority debts, it could lead to more problems in the future.</p>  |

**Top tip...**  
Small costs add up if you spend money on them regularly, so don't forget to include them in your personal budget planner

# Working out your expenditure

When you start working on your personal budget plan, you'll need to decide how much you normally spend on essentials – the basic things you can't do without, such as household bills and other regular payments. Essential spending also includes things like phone costs, travel costs, food, clothing and other items such as cleaning materials.

Some of these amounts will vary. Your food bills or how much you spend on clothes may well be different from one month to the next, depending on your circumstances (use the budget planner at the back of this guide to keep track of your expenditure). Think carefully about how much you put down for these expenses (you may want to calculate an average amount based on what you spend in a year).

To help you work out what you spend on essentials, here are some of the things you should be aware of:

## Rent/mortgage

This should be the full amount that you pay each month on rent or mortgage (don't include any Housing Benefit, Local Housing Allowance or Support for Mortgage Interest payments you may be receiving here, as they are listed in the benefits section). Any rent or mortgage arrears should be listed in the priority debts section, not the essential spending section.

## Gas, electricity and water

If you pay these bills by a set monthly direct debit, these are the amounts that should be listed as essential expenditure. If you pay quarterly bills, work out your average to get a monthly amount. If you're in arrears with any of these bills, the amounts should be listed in the priority debts section (for gas and electricity) or non-priority debts section (for water rates).

Paying your bills by monthly direct debit can save you cash. For more tips on saving money on energy bills, turn to page 18.

## Pension

This shouldn't include any pension contributions that are automatically taken out of your salary, just pension payments that you pay yourself (usually by direct debit each month).

## TV licence

List the average amount you pay. If you're not currently paying for a TV licence, remember that not having a licence can lead to a fine.

## Hire-purchase/ conditional-sale payments

This is where you list any payments for things you've bought on hire purchase or conditional sale.

## Court fines

Magistrates' court fines are essential spending, whereas County Court Judgements (CCJs) should go into the non-priority debts section.

## Child support/maintenance

If you pay child support and/or maintenance, whether they are voluntary payments or payments ordered by the court or the Child Support Agency (CSA), list them here.

## Childcare

This is where you list fees you may be paying to a childminder or a nursery, plus any other childcare costs such as fees for after-school clubs.

## Other care costs

Other care costs include any amounts you may be paying because you or your partner is ill or disabled.

## Phone

Include how much you pay per month for your home phone and your mobile, if you have one.

## Travel

Your travel costs should include how much you pay to get to work, school and when you go shopping. Work out the amount it costs you to run your car each month (including parking charges, maintenance and MOT costs), and/or how much you spend on public transport. As these costs can vary from one month to the next, you may want to work out an average based on what you spend over the course of a year.

## Household costs

List how much you spend on things like food, clothes, cleaning products and toiletries. Where clothes are concerned, a reasonable amount per person per month is about £22. Or, as with travel costs, work out an average.

## Miscellaneous costs

There are many other things you may have to spend money on from time to time, such as seeing the dentist, getting your eyes tested, having a haircut, taking your pet to the vet, house repairs, buying Christmas and birthday presents, professional body membership fees and so on. Work out how much you spend on average on all these extra costs each month, and if you have other outgoings that aren't listed, don't forget to add those too.

## Managing your money

It's true that the cost of basic living, including all the essentials, from food to heating, is rising quickly these days.

But there are some simple steps you can take that could help you to avoid money problems. The most important thing you can do in the initial stages is to create your personal budget plan (at the back of this guide).

Also get help as soon as possible if you find your debt is getting out of hand. The most common mistake is when people don't acknowledge they have a problem. Some try to survive by building up balances on different credit cards, passing debt from one credit card to another, or repaying debts by increasing balances on other debts.

When debt increases month by month in this way, it's a sign that you need to take action, fast. Make some time to take a thorough look at your debt and work out the best way of reducing it. Start to pay off credit card bills with higher interest rates first and, if you can, pay a little more each month to reduce your balance.

**If you have a £1,000 balance on a card with an 18.9% APR and pay off £25 per month, it will take you five years and one month to clear the debt. But increase the amount you pay by just £5 to £30 per month, and it will take only three years and 10 months.**

### Top tip...

**Credit card debts are non-priority debts - always prioritise debts that put your home or energy supplies at risk first**



## More ways to take control

The key to managing your money is to make sure that you control your finances, rather than letting them control you.

If, once you've completed your personal budget sheet, you find that you're spending more than you earn, it's time to look at ways of saving money.

You may be surprised how much you could save on your regular bills, so check you're getting the best deals for utilities such as gas and electricity, as well as phone charges. You could join the Cheap Energy Club at **moneysavingexpert.com** to save money on energy bills, or use comparison sites such as **moneysupermarket.com**, **uSwitch.com**, **confused.com**, and **simplyswitch.com** (turn to page 20 for more information on switching energy suppliers).

Don't forget that, as well as the personal budget planner included here, there are website-based budget calculators and other financial planning tools you can use, including the following:

**moneysavingexpert.com**'s free budget planner, called Budget Brain is easy to use, and offers ideas on how to make savings

For more specific advice about managing your debts, **stepchange.org** - formerly the Consumer Credit Counselling Service - has a useful online tool called **Debt Remedy** that could help. Or you could try **mymoneysteps.org**, which also offers free, confidential and independent debt advice

There's also more information on successful budgeting and overcoming debt on the Citizens Advice website **adviceguide.org.uk**, and the **nationaldebtline.co.uk**

### Action...

**If your personal budget sheet shows that you have money to spare, why not increase your debt repayments to pay them off faster?**

# How to improve your credit rating

If you have – or have had – money problems, chances are your credit rating has suffered too. A poor credit rating could affect you in more ways than you might think. A prospective employer could check your credit report before you start a new job – especially if you work in finance or banking. Landlords can often check your credit report before you move into rented accommodation too. Even mobile phone companies check your credit report whenever you set up a new contract.

## What's in your credit report?

A typical credit report contains the following information:

- Personal details including your name, date of birth, current and previous addresses and whether or not you're on the electoral register
- Details of your credit accounts, including credit cards, mortgages, loans and store cards, plus information on any late or missed payments
- County Court Judgments (CCJs), house repossessions or bankruptcies that have applied to you over the past six years
- Details of others you're financially linked to (this could be someone you live with or share a bank account with)
- Your current account provider and other account details

A poor credit rating could be caused by missing or late payments, CCJs for unpaid bills or high levels of existing debt. Applying for credit from several lenders at the same time may also affect your credit score, as can regularly exceeding your overdraft limit or being financially linked with someone who has a poor credit history. Even something as simple as not being on the electoral register could lower your rating.

## How to check your rating

There are four agencies that can provide you with access to your credit report: Experian's [creditexpert.co.uk](https://www.creditexpert.co.uk), [equifax.co.uk](https://www.equifax.co.uk), [noddle.co.uk](https://www.noddle.co.uk) and [checkmyfile.com](https://www.checkmyfile.com).

Experian, Equifax and Checkmyfile offer a free 30-day trial, where you can check your credit rating online as often as you like. Noddle, which provides a credit report via the Callcredit agency, is free for life.

All four may include different information from different lenders, so if you haven't checked your credit report before – or you haven't done so in quite some time – it's a good idea to sign up to each of them. But remember to cancel your contract with Experian, Equifax and Checkmyfile before the end of the 30-day trial, or you'll find yourself paying a monthly membership fee.

## How to fix it

Here are some of the things you can do to improve your credit report:

- If you're not on the electoral register, sign up online right away at [aboutmyvote.co.uk](https://www.aboutmyvote.co.uk)
- If you've applied for credit several times at the same time, stop until you've improved your credit score (if you just need a quote for credit, ask for a quotation or soft search rather than a credit search)
- Cancel any credit cards you have that you don't use. And if you're in arrears with any of your credit agreements, call the companies concerned and ask if they will remove the debt from your credit report in exchange for paying the debt in full
- Make sure your bills are always paid on time. If you can't make a payment, tell your creditor in advance, and aim to pay the debt off next month
- If you no longer have a relationship with someone you're financially linked with who has a bad rating, write and inform the credit reference agencies involved and they can update your file
- Make sure there are no mistakes on your credit file, and that your personal information is correct. If you think your file includes a mistake, write to the credit reference agency that the report came from and ask for it to be corrected
- Reduce your debts wherever possible, as this will go a long way to boosting your credit score
- Keep checking your credit report regularly. Look out for any suspicious activities, such as an account you didn't open or applications you haven't made – either of which could indicate fraud or identity theft. If this happens, tackle it by contacting the companies concerned and take any steps necessary to prove you're not responsible

## Top tip...

If a credit reference agency refuses to correct a mistake in your file, add a notice of correction to your report or make an official complaint to the [financial-ombudsman.org.uk](https://www.financial-ombudsman.org.uk)

# Keeping up with benefits changes

Claiming all the benefits you're entitled to is one way of increasing your monthly income. But benefits are changing because of the Welfare Reform Act 2012. Here's a quick update:

## Universal Credit

This is being rolled out nationwide for people who are newly unemployed from October 2013. Aiming to simplify the current benefits system, it replaces a number of benefits including Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Working Tax Credit, Child Tax Credit and Housing Benefit.

Universal Credit is for working-age people who are looking for work or on a low income, and is paid monthly into claimants' bank accounts. If you have a partner who also claims benefits, Universal Credit will be paid as a single monthly payment for both of you.

If you're already receiving one or more of the benefits that Universal Credit is replacing, you may not be affected straight away. Everyone currently getting the relevant benefits should be switched to Universal Credit by 2017.

That means you may not have to worry about it just yet. Just don't leave it too late to find out how the switch could affect you. Find out more by reading about Universal Credit on [gov.uk](http://gov.uk).

## Spare room subsidy policy (bedroom tax)

If you've been receiving Housing Benefit and you live in a local authority, housing association or registered social landlord property, you may have already been affected by what is being called 'bedroom tax'. This means your Housing Benefit may have been cut by 14 percent if your home is considered to have a spare bedroom or 25 percent for two or more extra bedrooms.

If, as a result of this change, you're finding it hard to pay your rent and you live in England, Wales or Scotland, check if you qualify for a Discretionary Housing Payment on [turn2us.org.uk](http://turn2us.org.uk).

## Benefit cap

People aged between 16 and 64 may also be affected by the government's benefit cap. This means the total amount of benefit couples can receive will be limited to £500 a week (with or without children living with them), or £500 for single parents whose children live with them, and £350 a week for single adults who don't have children (or whose children don't live with them). Visit [gov.uk/benefit-cap](http://gov.uk/benefit-cap) to learn more.

## Personal Independence Payment

From now up until October 2017, Disability Living Allowance is being replaced by a new benefit called Personal Independence Payment (PIP) for people who were aged between 16 and 64 on April 8, 2013.

If you make a claim, you will be individually assessed to see if you are eligible. This will include a face-to-face consultation with a health professional, and you will be regularly reassessed to make sure you're getting the level of support that you need.

Visit [gov.uk/pip](http://gov.uk/pip) to find out how the Personal Independence Payment could affect you if you live in England, Wales or Scotland. People in Northern Ireland can find out more by visiting [nidirect.gov.uk](http://nidirect.gov.uk).

## Council Tax Support Scheme

Council Tax Benefit came to an end on April 1, 2013. Instead, local councils in England, Scotland and Wales are running their own schemes.

If you're a pensioner, the government guarantees that the amount of money you get under the new scheme will be the same as your old Council Tax Benefit. But if you are of working age, you could find that you'll receive less. To find out more, contact your local council. Details are available on [gov.uk/find-your-local-council](http://gov.uk/find-your-local-council).

## Grants and loans

Community Care Grants and Crisis Loans have already been abolished. In their place, local authorities in England and the Scottish and Welsh administrations are providing their own support.

To find out more, contact your local council if you live in England. If you're in Scotland, find out about the Scottish Welfare Fund by visiting the Scottish Government website at [scotland.gov.uk](http://scotland.gov.uk). If you live in Wales visit the Welsh Government website at [moneymadeclearwales.org](http://moneymadeclearwales.org) for information about the Discretionary Assistance Fund. To find out more about changes to grants and loans in Northern Ireland, there's information on [nidirect.gov.uk](http://nidirect.gov.uk).

### Action...

Find out if you're entitled to additional income in the form of benefits by checking the benefits calculator at [turn2us.org.uk](http://turn2us.org.uk)

## Enough ways to save money

It makes sense to avoid unnecessary spending when you're on a budget. But you can also save money on basic essentials such as food, gas, electricity and water, as well as some of those other payments you make on a regular basis.

## Eat well on a budget

The cost of food keeps rising, but there are ways of eating for less without compromising your diet. Try these money-saving food tips:

### Plan ahead

Before you go shopping, write down all the meals you want to cook in the coming week and make a list of the ingredients you'll need. Don't be tempted to buy anything that's not on the list while you're shopping.

### Buy what you need

Don't buy lots of fresh fruit and vegetables at the same time because you may not be able to eat them all before they go off. Just buy enough for the next day or two. And remember, canned and frozen fruit and vegetables are usually cheaper than fresh and just as nutritious.

### Use your freezer

Look out for reduced-price bargains that have to be eaten the same day and freeze them as soon as you get home. You can also save on cooking fuel by making enough for two or three portions each time you make a meal, and freezing what you don't eat.

### Shop around

Local markets often sell fruit, vegetables, fish and meat cheaper than supermarkets. Farmers' markets are also usually cheaper too, especially when you buy produce that's in season.

If there are no local markets where you live and your only option is a supermarket, try the store's own-brand foods. These are usually cheaper and are just as nutritious as well-known brands. Also save on buying expensive cuts of meat by looking for cheaper sources of protein such as tinned fish (sardines and pilchards, for instance), turkey or beef mince, stewing steak, beans, chickpeas and lentils. Most importantly, never go shopping when you're hungry, as you may well end up buying more than you need.

### Throw less away

According to the recycling organisation WRAP UK, the average UK family could save up to £680 a year by tackling food waste. Cut down on food waste by keeping leftovers in the fridge and making a meal of them the next day.

### Grow your own

Try growing your own fruit and vegetables if you have a garden. Even if you only have a patio, many types of fruit and vegetables can be grown in containers and pots.

# Spend less on energy

Like food, the cost of electricity, gas and water keeps going up too. Fortunately, there are lots of ways to cut your energy bills, including the following:

## Heating

The majority of energy used in the home goes on heating, which is where some of the best savings can be made.

Around a quarter of the heat from your home goes straight through your roof if you don't have proper insulation. Loft insulation usually lasts for at least 40 years, but it pays for itself within two to four years in fuel bill savings. Another way to save is by having cavity wall insulation. Not all houses are suitable, but if your home was built between 1930 and 1980 cavity wall insulation could keep your home warmer, which means lower heating bills. The big gas and electricity companies offer grants and loans for insulation. Find out more at [energysavingtrust.org.uk](http://energysavingtrust.org.uk).

Cut your heating bills by turning down your heating thermostat. According to the Energy Saving Trust, reducing your room temperature by just 1°C could cut your heating bills by up to 10%

Install draught excluders on your doors and windows and stop heat escaping through your floor by filling any gaps under your skirting boards (use a suitable sealant, wooden beading or even newspaper). Drawing your curtains or blinds at dusk could also save you money by stopping heat from escaping through your windows

If you have gas central heating, get your boiler serviced every year to make sure it's running efficiently

## Hot water

Here's how to save money on water heating and still have hot water all day.

Turn the thermostat on your hot water tank down to 60°C. The water will still be hot enough for a bath or shower, you'll just need less cold water

If you have a hot water tank, lagging it could save you cash too. Lagging jackets aren't expensive, and usually pay for themselves within a year. Make sure you fit one that's at least 75mm thick

## Washing and drying

If you use a washing machine and tumble dryer at home, there are more savings to be made.

Wash your clothes at 30°C. Washing powders are designed to work effectively at low temperatures these days, so 60°C washes aren't usually necessary

Put your clothes out to dry instead of using a tumble dryer. If you can't air your clothes naturally during the winter months, make sure your clothes are thoroughly wrung out before you put them in the dryer. You could also try using dryer balls, which claim to save 25% of drying time

## Lighting and appliances

Around 16% of the energy used in the average home goes on lighting and appliances. The good news is there are savings to be made here too.

Never leave TVs, DVD players, set-top boxes, mobile phone chargers and other appliances on standby. If a device is humming or has a red light glowing, it's wasting energy. Switch them off completely or unplug them. Turning off lights in rooms you're not using will also help to save electricity

Use low-energy light bulbs. Changing just one ordinary bulb for a low-energy bulb can save money over time (buy them at any supermarket or DIY store)

Fill a kettle only with as much water as you need and fully load your washing machine, tumble dryer and dishwasher before using them

## Water

Water rates are also more expensive these days. But here are a few ways to pay less.

If you live alone or with just one other person and you're careful about how much water you use, it's likely that you're paying too much if you're on a standard charge, so consider switching to a water meter. Ask your local water company for advice if you're not sure whether having a water meter could help reduce your bills

Put a cistern dam in your toilet to cut the amount of water you flush. Some water companies distribute cistern dams to customers free of charge, so ask your supplier

Reduce water waste by fixing leaks and drips. Dripping taps could waste 20 litres of water a day

## Should you switch?

Constantly increasing bills result in an ever-diminishing amount of money being left in your pocket at the end of each month. But one of the easiest ways of boosting the cash at your disposal is by switching suppliers.

From energy bills to insurance premiums and broadband packages to credit cards, there are hundreds of pounds worth of savings to be made for anyone who's prepared to shop around. And switching is often far easier than you may think.

But you do have to do your homework. Well before your current contract expires, you should do plenty of research, both online and over the phone, to get a full picture about the product or service that's right for you. And remember, while there are lots of utility or financial products that look the same, the level of service you receive may vary considerably. In other words, the cheapest option may not always be the best one.



### Price comparison

The process of comparing packages has become much easier with the internet. There are some excellent websites that find the best deal for you, whether you want to change utility provider, get a cheaper credit card or find a broadband package that gives you more for less (see page 36).

If you have time, it's worth using as many price comparison sites as possible. It's also worth remembering to check the details. For example, one car insurance policy may include legal cover while another - which may only cost a few pounds less - may not. So in this instance it might be worth paying a little more.

And don't forget to call the company that provides your current service. If you tell them you're considering switching, they may find ways of reducing their prices or giving you a better service.

## Tackling your debts

Depending on what type of debts you have, there may be one or more options for settling them. The important thing to do is to take action as soon as possible.

# Dealing with priority debts

The debts you should settle first are called priority debts. These are debts that, if left unpaid, could lead to you losing your home, your gas and electricity being disconnected, your belongings being taken by bailiffs or you going to prison. The most common priority debts include the following:

## Mortgage, rent or secured loans

Non-payment of any of these bills could cost you your home. If you fail to pay your mortgage, rent or a loan secured on your home, your lender or landlord usually won't take steps to repossess or evict you before considering all other options. So if you're falling behind, contact your lender or landlord as soon as possible to arrange paying off your arrears.

## Council tax

In extreme circumstances you could be sent to prison for not paying your council tax. You could also have a fixed amount taken automatically from your wages or benefits to pay what you owe. The council could even send bailiffs to your home to remove goods that may be sold to settle your debt. So it's important to come to an arrangement with your council and pay what you can afford as soon as possible. Discounts are also available in certain circumstances – contact your council to find out if you're eligible.

## Gas and electricity

If you don't pay your gas and electricity bills you could end up getting disconnected. But this is a last resort, and you must receive notice first. Start by contacting your supplier to organise a payment arrangement, such as paying your bills every week, fortnight or month. If you agree to a payment arrangement, most fuel suppliers won't disconnect you. But you must keep paying for the gas and electricity you're using while the payment arrangement is being sorted out. You may also be asked to consider having a pre-payment meter installed in your home.

## TV licence

It's a criminal offence to watch live TV without a valid licence, which means you could end up in court if you don't have one. There are a number of different ways you can pay your TV licence. Visit [tvlicensing.co.uk](http://tvlicensing.co.uk) to find out which payment option would suit you best, plus whether or not you may be eligible for a discount or a free TV licence.

## Magistrates' court fines

Courts can use bailiffs to take goods from your home or take money automatically from your wages or benefits to help pay any outstanding fines. You could even be sent to prison if your fines remain unpaid. If you don't have enough money to settle a fine, make arrangements with the court to pay what you can afford in installments.

## Child maintenance

If you have divorced or separated and have children, you may have been ordered to pay child maintenance by the court. But if you can't afford the payments, contact the court as soon as possible to discuss getting them reduced. Not doing anything about it could lead to the court sending bailiffs to your home or taking money directly from your wages or benefits. In the worst case scenario, you could be sent to prison for not keeping up with your payments. If you're having difficulties paying child maintenance through the Child Support Agency (CSA), contact them directly to make a repayment arrangement.

## Benefits overpayments

Being paid too much in benefits or tax credits may sound like a good thing, but in most cases you'll have to pay the

excess back in the future. If this puts you in financial difficulties, try to come to an arrangement with the Department of Work and Pensions to pay what you can afford or, in certain circumstances, even to write off the debt. Also remember that if you're working, the DWP can take money directly from your wages to recover the debt if you don't agree to a payment plan.

## Income tax

Not paying your income tax could lead to HM Revenue & Customs (HMRC) sending bailiffs to take goods from your home or declaring you bankrupt. In extreme circumstances, you could end up in prison. If you have a small business that's having problems paying tax, find out how to tackle it by visiting the Business Debtline website at [bdl.org.uk](http://bdl.org.uk).

## HP agreements

Creditors can repossess goods without a court order if you've paid off less than a third of the agreement. If you've fallen behind with your HP payments, you could return the goods and cancel the HP contract. But if you need the goods – if it's a car you need for work, for example – contact your creditor and try to come to an agreement with them.

## Five-point checklist

Use this five-point checklist to make sure you've completed all the right steps when tackling priority debts:

### 1. Planning your budget

The easiest way to work out how much you could afford to spend on paying off priority debts is to complete your personal budget plan, where you list all your incomes and expenditures. Turn to the back of this guide for your personal budget planner – an easy-to-follow budget sheet that you fill in yourself.

### 2. Speaking to creditors

If you're behind or struggling with payments, contact your creditors and let them know about your situation. Tell them you're taking steps to tackle your debt, even if you haven't decided how much you can afford to pay. Keeping your creditors informed may prevent them from taking any immediate action. Even if they've already decided to take action, starting a discussion with your creditors could buy you some time.

### 3. Pay as much as possible

Once you've worked out which debts are a priority, find out from the creditor if they have a specific amount they would like you to pay. Make sure you maintain the arranged

payments and be sure to contact the creditor immediately if you feel you will be unable to do so. You may wish to consider making a higher payment in some months if you have any unexpected surplus income.

### 4. Complaining about unfairness

There are several situations where you may feel you've been treated unfairly. If so, find out if there's an ombudsman service that deals with the type of debt in question. If you've already made a complaint to your creditor, you could approach the ombudsman for advice.

### 5. Getting more help

There is lots of help available. If you are an ICAEW member or a family member then CABA support officers can help and provide information about paying priority debts, including what your various options may be and how you should approach your creditors. If you're not either an ICAEW member or a family member then you can contact Citizens Advice at [adviceguide.org.uk](https://www.adviceguide.org.uk) or [nationaldebtline.co.uk](https://www.nationaldebtline.co.uk).

## Dealing with non-priority debts

Once your priority debts are under control, it's time to deal with the non-priority ones. Remember that just because non-priority debts don't involve drastic consequences such as losing your home or going to prison, it doesn't mean you should ignore them.

Many types of debts are classed as non-priority. These include debts on credit or store cards, water rate arrears, business debts, late tenancy arrears, repossessed mortgage shortfalls, unsecured loans, payday loans, catalogue payment arrears, unpaid phone bills and contracts, overdrafts and even personal debts to friends and family.

In general, any money you have left over after making payments towards priority debts should be divided up between your non-priority creditors. Write to your creditors and ask for any interest and charges to be frozen, and find out if they will agree to what you're offering to pay.

### Ways to pay

Once you have made an arrangement with your creditors or the debt collection agency that has been appointed to deal with your case, find out what your options are in terms of how you can pay. This may include paying by standing order from a bank account, using a paying-in book, using a [paypoint.co.uk](https://www.paypoint.co.uk) or [payzone.co.uk](https://www.payzone.co.uk) outlet at a local shop, paying at your creditor's office or store, paying collectors who call at your home

on a regular basis or by sending cheques or postal orders. Whichever method you choose to pay, always keep up-to-date records of what you've paid and when.

If your creditor doesn't agree to the amount you're offering to pay, or if they don't freeze the interest on your payments, keep trying to reach an agreement with them. Start making the payments you've suggested, and write to them again and tell them it's all you can afford. Send them your personal budget plan so they can see exactly how much money you have available to pay them.

You can make a complaint to the Financial Ombudsman Service if you feel your creditors are treating you unfairly or acting unreasonably. Find out what are considered unfair business practices by reading the Office of Fair Trading's Debt Collection Guidance at [oft.gov.uk](https://www.oft.gov.uk).

### Bank and credit card debts

Overdrafts, bank loans and credit card debts are non-priority debts too. But because banks and building societies can take money directly from your account, it can make life difficult if you're not left with enough money left to live on. Banks can also use what's called the right of set-off to use the money in your account to clear your overdraft or loan all at once. To avoid this, open another account at a different bank or building society for paying in your wages and/or benefits.

## Five-point checklist

When you're dealing with non-priority debts, use our checklist to make sure you're doing everything necessary:

### 1. Using your budget plan

As with priority debts, having your personal budget planner to hand is essential for working out how you could pay non-priority debts too. It could also help you negotiate with your creditors, as they may ask to see evidence of how much you can afford to pay them.

### 2. Speaking to creditors

One of the first steps to dealing with non-priority debts is to contact your creditors and let them know you're struggling. Keeping them informed may prevent them from taking any immediate action and give you more room to manoeuvre.

### 3. Opening a bank account

If you're in debt to a bank or building society, consider putting your wages or benefits into a new account at a different bank or building society.

### 4. Replying to legal letters

Your creditors may issue a county court claim against you if you don't settle your debts. Always fill in the forms the court sends you and make sure they're returned to the correct address by the date specified. If you don't deal with these forms on time, the court can take action, such as sending bailiffs to your home.

### 5. Knowing your options

There are several ways of dealing with non-priority debts, and you may end up using one or more of these options. Get plenty of advice first and make sure you know exactly what's involved with each option.

## Other debt solutions

Depending on your circumstances, you may want to consider other ways of settling your debts. The options available to you may include one or more of the following:

### Debt management plans (DMPs)

If you have around £100 or more available in your budget each month to pay towards non-priority debts, you can arrange a DMP with a debt management company. This involves making one payment a month to cover all your debts, but you must usually have three or more creditors and owe at least £5,000 altogether. Some DMPs are free, but others involve set-up costs and handling fees. So shop around before you commit yourself and make sure you use a company licensed by the Office of Fair Trading.

### Bankruptcy

If you have a lot of debts and you can't see how you could ever pay them off, you could, as a last resort, consider filing for bankruptcy. But bankruptcy has serious consequences: any assets you have, including your home could be sold to pay towards your debts. Being made bankrupt will affect your credit rating and if you're an ICAEW member you could also be disqualified and as a result may lose your job. You will normally be discharged from bankruptcy after a year. Find out more at [gov.uk/bankruptcy](https://www.gov.uk/bankruptcy).

### Individual voluntary arrangements (IVAs)

An IVA is an alternative to bankruptcy. These formal arrangements are made through the county court and involve paying an agreed amount towards your debts over a specified period, usually between three and five years. You must set up an IVA through a licensed insolvency practitioner, who will charge considerable fees for preparing and running your agreement. So it's only worth setting up an IVA if you owe more than £15,000.

### Debt relief orders (DROs)

A DRO is a cheaper option than bankruptcy if you owe less than £15,000, have less than £50 a month spare income and have less than £300 worth of assets and a car worth less than £1,000. Unlike bankruptcy it doesn't involve going to court, but you must apply to the official receiver for a DRO through an authorised debt advisor. Like bankruptcy, DROs are usually discharged after 12 months, which means your debts will be written off after that time.

Find further information on other debt solutions at [gov.uk/options-for-paying-off-your-debts](https://www.gov.uk/options-for-paying-off-your-debts) or speak to a CABA support officer for free, independent advice. Even if we can't help you, we can point you in the right direction

## Planning your retirement

Make sure you're well prepared when your retirement date comes around. There's lots you can do in the weeks, months and even years beforehand, including planning your budget, applying for benefits and writing your will.

## Boost your pension

Whatever your age, make sure your pension is working as hard for you as possible. Here's how:

### Don't miss out

If your company offers a workplace pension, sign up now if you haven't already done so. Many larger companies offer workplace pensions, which means a percentage of your wage is automatically transferred into the pension scheme every time you get paid. Your employer and the government contribute to your pension too.

A new law also means every employer must automatically enrol its employees into a workplace pension scheme by 2016. The scheme, called automatic enrolment, will affect all employed workers in the UK aged between 22 and their state pension age. Visit [gov.uk/workplace-pensions](http://gov.uk/workplace-pensions) to find out more.

### Keep an eye on your funds

If you have a personal – rather than a workplace – pension, keep an eye on how it's performing. If it's not performing as well as you expected, talk to your pension company or your financial advisor about changing to another one. But remember, investments go up and down all the time, and a fund that's performing well – or badly – now will not necessarily perform at the same level in the future.

### Find your old pensions

If you've changed jobs a few times and have paid into one or more different workplace pension plans over the years, you may have lost track of the details. But even though you may think they're not worth very much, you'll never know unless you find them. To trace an old pension for free, all you have to do is fill out a form online at the **Pension Service website** (see contact details on page 37).

### Top up whenever you can

Even if you can only afford to increase your payment by a small amount, you'd be surprised how it can all add up, especially if you're quite a few years off retiring. Ask your pension provider or financial adviser for more details.

### Shop around for an annuity

Your annuity converts your pension fund into a guaranteed retirement income for the rest of your life. There are several online tools to help you find the best annuity rate possible, including **Age UK's Annuity Service** and the **Money Advice Service's** compare retirement income tool (page 37).

# Managing in retirement

If you've retired you probably have more time on your hands but less money to spend. The good news is we have lots of tips and facts you need to know to help you manage:

## Making the most of your money

### 1. Plan your budget

Retiring often involves living on a lower income, which means your money can become stretched. Budgeting can help you to keep an eye on your income and outgoings (use the personal budget planner at the back of this booklet).

### 2. Set financial goals

Once you've worked out your budget you can start looking at other things you want to spend your money on, such as family holidays or home improvements. Use the Money Advice Service's online health check at [moneyadviceservice.org.uk](https://moneyadviceservice.org.uk) to keep your finances on track.

### 3. Boost your savings

It can be difficult to find the best savings account. Whether you're looking for a tax-free ISA or a high interest savings account, check **comparison tables** and use the **savings calculator** at [moneyadviceservice.org.uk](https://moneyadviceservice.org.uk) to see how your savings can grow in the future.

### 4. Maximise your investments

The amount of any income you could get from investments will depend on how those investments are performing. But before you make any investments, make sure you understand the risks beforehand.

If you see an investment promising high returns with little or no risk, be wary – if something seems too good to be true, it probably is. Visit [moneyadviceservice.org.uk](https://moneyadviceservice.org.uk) for information on investments and Financial Services Authority at [fsa.gov.uk](https://fsa.gov.uk) to find out how to keep yourself protected.

### 5. Raising money from your home

If you're a homeowner you could convert some of the value of your home into either a lump sum or a monthly income. This isn't suitable for everyone, so get professional advice before making a commitment. For details about equity release, visit [moneyadviceservice.org.uk](https://moneyadviceservice.org.uk).

## Benefits and financial support

### 1. Benefits and allowances

Check out what benefits and allowances you may be able to get to help boost your income. Try the benefits calculator at [turn2us.org.uk](https://turn2us.org.uk) to find out what you're entitled to.

### 2. Heating improvements

You or your partner may be eligible for one of the government's grants schemes for heating improvements in your home if you're receiving certain benefits. To see which grants are available in your area visit [energysavingtrust.org.uk](https://energysavingtrust.org.uk). Or for free help and advice with your energy bills visit [homehealthelpline.org.uk](https://homehealthelpline.org.uk).

### 3. Travel and leisure

Older people can get discounts on coach and train travel as well as a free bus pass in some areas. Visit [ageuk.org.uk](https://ageuk.org.uk) to find out more about public transport and concessions.

### 4. Home and care

Help and support to stay in your home may be available if you need it. Or if you're a carer, you may be eligible for financial help and support for you and the person you care for. Visit [gov.uk](https://gov.uk) for more information.

## Planning ahead

### 1. Making your will

If you haven't made a will yet, turn to page 33 of this guide to find out what you should do, and for information on setting up a trust fund. If you have made a will, make sure it's up to date.

### 2. Funeral plans

People often worry they won't leave enough money for their funeral when they die. But you can set up a funeral plan to arrange and pay for your funeral before you die. Many organisations offer pre-paid funeral plans (just type 'funeral plans' into an internet search engine), so shop around before you commit yourself.

### 3. Managing your affairs

There may come a time when you'll need someone to manage your finances, property or personal welfare for you under a power of attorney arrangement. There's lots of advice on planning ahead for if you can't manage your money on [moneyadviceservice.org.uk](https://moneyadviceservice.org.uk).

## Tax matters

### 1. Income tax

Whether you get income from a pension and/or savings, you'll usually have to pay tax on it if the amount comes to more than your tax-free allowances. For more details, visit [gov.uk](https://www.gov.uk).

### 2. Working after you retire

If you want to continue working after you retire, find out how you'll be taxed and how it could affect your level of benefits by visiting [hmrc.gov.uk](https://www.hmrc.gov.uk).

### 3. Inheritance tax

When you pass away inheritance tax may have to be paid on the value of your estate over £325,000 (2011/12). Visit [gov.uk/inheritance-tax](https://www.gov.uk/inheritance-tax) to find out more.

## Insurance needs

### 1. Protect your dependants

Life insurance will pay out a lump sum or fixed regular income, either when you die (if it's a whole-of-life policy) or if you die within a specified term (term insurance). If you already have life insurance, it's a good idea to see how much it will pay out on your death.

### 2. Help with your health

There are lots of insurance products that can help protect you and your partner if you become seriously ill or need help with private medical expenses.

### 3. Long-term care insurance

As you get older you may develop health problems and have difficulty with everyday tasks. You may have to move into a care home or need help to stay in your own home. The state may pay for these costs, but if you want better care, find out about long-term care insurance.

## Money management: bereavement

When someone dies, the executor or administrator usually sorts out their finances and pays any outstanding debts. Whatever's left is shared according to the deceased's will – or, if there is no will, according to the law. In some cases an executor or administrator may not be needed.

If the person who's died has left money in joint accounts, it normally means the surviving joint owner automatically owns the money. The money doesn't form part of the deceased's estate, so it doesn't have to be dealt with by the executor or administrator.

But if they had more than £5,000 in accounts held only in their name, the executor or administrator may need to apply for probate to access the money. For more information about what you should do when someone dies, visit [gov.uk/wills-probate-inheritance](https://www.gov.uk/wills-probate-inheritance).

# Making a will

It is essential to make a will to ensure what happens to your property and possessions after your death is your decision. If you die without having a will, your assets may be distributed according to the law rather than your wishes.

While it's possible to write a will yourself, use a solicitor if you want to make sure your will is valid. You may also need legal advice for more complicated matters and a solicitor can advise on how inheritance tax will affect you.

There are also voluntary organisations that can help with your will including the **Citizens Advice Bureau** and **Age UK**. If you want to write your own, there are several solutions available online or you can buy a will writing kit from good stationers.

Before you begin to write your will or consult a solicitor, think about what should be included in your will, such as:

- How much money, property and possessions you have
- Who you want to benefit from your will
- Who should look after any children under 18 years of age
- Who is going to sort out your estate and carry out your wishes after your death (your executor)

## Keep it safe

Keep your will in a safe place and tell your executor, close friend or relative where it is. If a solicitor makes your will, they will normally keep the original and send you a copy.

Don't forget to review your will every five years and after any major change in your life, such as getting separated, married or divorced, having a child or moving house. Any change to your existing will can be made by an addition, amendment or supplement, called a codicil. Alternatively you can just make a new will.

## Setting up a trust fund

Alternatively, you may want to set up a trust fund for your beneficiaries. Trusts can help to keep inheritance tax low because they reduce the value of your estate by placing assets in a trust and naming your loved one as the beneficiary.

This also means that assets placed in the trust may be protected from things such as long-term care costs, bankruptcy and matrimonial issues.

# Do's & don'ts for personal finance

**DO** ask CABA support officers for help - that's what they're there for

**DO** make sure you're claiming everything you're entitled to, including benefits and tax credits

**DO** check if you have protection insurance for any of your payments if you've lost your job or can't work because of illness (contact your insurance company or lender to find out how to claim)

**DO** prioritise your debts and tackle the most important ones first (the ones that put your home or energy supplies at risk)

**DO** work out debt repayments that you can manage, rather than try to pay them off too quickly, which could lead to even more debts

**DO** keep copies of every letter you send and receive while you're tackling your debts

**DO** attend your court hearings and make sure you have all the information you may need, including your budget planner



**DON'T** ignore debt problems and hope they'll go away. They won't. And the longer you leave them, the worse your problems will get



**DON'T** forget to use a budget sheet to work out your incomings and outgoings (use the personal budget sheet at the back of this guide)

**DON'T** borrow even more money to pay off your debts without getting advice, as it could push you deeper into financial trouble. Chat to a CABA support officer first to find out whether or not it's a good idea

**DON'T** get in touch with some of your creditors but not others - deal with all your debts one by one, even the ones that don't seem important

**DON'T** give up if your creditors are being unhelpful or difficult, keep trying to reach an agreement with them

**DON'T** panic if a creditor decides to take you to court. Complete the forms the court sends you as comprehensively as possible (if you need advice about court hearings, contact a CABA support officer)

## Useful resources

There's lots of help available from a range of organisations if you need more help with financial matters. In the next few pages you'll find useful contacts and links, as well as a handy personal budget planner to help keep track of your money and deal with your debts.

# Contacts and links

The following website links may prove useful if you need more information...

## Benefits

Benefits information and how to apply:  
[gov.uk/browse/benefits/entitlement](https://www.gov.uk/browse/benefits/entitlement)

Department of Work and Pensions:  
[dwp.gov.uk](https://www.dwp.gov.uk)

Turn2us benefits calculator:  
[turn2us.org.uk/benefits\\_search.aspx](https://turn2us.org.uk/benefits_search.aspx)

Information about the benefit cap:  
[gov.uk/benefit-cap](https://www.gov.uk/benefit-cap)

Details of the Personal Independent Payment:  
[gov.uk/pip](https://www.gov.uk/pip), [nidirect.gov.uk/personal-independence-payment](https://www.nidirect.gov.uk/personal-independence-payment) (Northern Ireland)

How to find your local council:  
[gov.uk/find-your-local-council](https://www.gov.uk/find-your-local-council)

## Managing your money

Agencies for checking your credit rating:  
[creditexpert.co.uk](https://www.creditexpert.co.uk), [equifax.co.uk](https://www.equifax.co.uk), [noddle.co.uk](https://www.noddle.co.uk), [checkmyfile.com](https://www.checkmyfile.com)

Register to vote online:  
[aboutmyvote.co.uk](https://www.aboutmyvote.co.uk)

To make a complaint about a credit reference agency:  
[financial-ombudsman.org.uk](https://www.financial-ombudsman.org.uk)

Online budget planner:  
[moneysavingexpert.com/banking/budget-planning](https://www.moneysavingexpert.com/banking/budget-planning)

How to trace lost accounts and savings:  
[mylostaccount.org.uk](https://www.mylostaccount.org.uk)

## Wills, probate and inheritance

What happens when someone dies:  
[gov.uk/wills-probate-inheritance](https://www.gov.uk/wills-probate-inheritance)

About setting up a trust fund:  
[hmrc.gov.uk/trusts/intro/basics.htm](https://www.hmrc.gov.uk/trusts/intro/basics.htm)

About inheritance tax:  
[gov.uk/inheritance-tax](https://www.gov.uk/inheritance-tax)

Help with making a will:  
[adviceguide.org.uk/england/family\\_parent/family/wills.htm](https://www.adviceguide.org.uk/england/family_parent/family/wills.htm), [ageuk.org.uk/money-matters/legal-issues/making-a-will](https://www.ageuk.org.uk/money-matters/legal-issues/making-a-will)

## Saving money

Moneysavingexpert.com's Cheap Energy Club: [moneysavingexpert.com/utilities/you-switch-gas-electricity](https://www.moneysavingexpert.com/utilities/you-switch-gas-electricity)

Switch and save websites:  
[uSwitch.com](https://www.uSwitch.com), [simplyswitch.com](https://www.simplyswitch.com), [electricityprices.org.uk](https://www.electricityprices.org.uk), [moneysupermarket.com/gas-and-electricity](https://www.moneysupermarket.com/gas-and-electricity), [confused.com/gas-electricity](https://www.confused.com/gas-electricity)

Grants and loans for home insulation:  
[energysavingtrust.org.uk/take-action/find-a-grant](https://www.energysavingtrust.org.uk/take-action/find-a-grant)

Help and advice with energy bills:  
[homeheathelpline.org.uk](https://www.homeheathelpline.org.uk)

## Pensions and retirement

Workplace pensions and how they work:  
[gov.uk/workplace-pensions](https://www.gov.uk/workplace-pensions)

To find an old pension:  
[gov.uk/find-lost-pension](https://www.gov.uk/find-lost-pension)

Age UK's annuity service:  
[ageuk.org.uk/products/financial-products-and-services/annuities/](https://www.ageuk.org.uk/products/financial-products-and-services/annuities/)

Money Advice Service's retirement income comparison tool:  
[pluto.moneyadviceservice.org.uk/annuities](https://www.pluto.moneyadviceservice.org.uk/annuities)

Money Advice Service's health check tool:  
[healthcheck.moneyadviceservice.org.uk](https://www.healthcheck.moneyadviceservice.org.uk)

Tax and working after retirement:  
[hmrc.gov.uk/pensioners/paying-employed.htm](https://www.hmrc.gov.uk/pensioners/paying-employed.htm), [gov.uk/tax-national-insurance-after-state-pension-age](https://www.gov.uk/tax-national-insurance-after-state-pension-age)

About Carer's Credit:  
[gov.uk/carers-credit](https://www.gov.uk/carers-credit)

Train, bus and coach discounts:  
[ageuk.org.uk/money-matters/claiming-benefits/public-transport-and-concessions](https://www.ageuk.org.uk/money-matters/claiming-benefits/public-transport-and-concessions)

Planning ahead:  
[moneyadviceservice.org.uk/en/articles/planning-ahead-for-when-you-cant-manage-your-money](https://www.moneyadviceservice.org.uk/en/articles/planning-ahead-for-when-you-cant-manage-your-money)

## Savings and investments

Money Advice Service's savings comparison table:  
[compare.moneyadviceservice.org.uk/savings](https://www.compare.moneyadviceservice.org.uk/savings)

Money Advice Service's savings calculator:  
[moneyadviceservice.org.uk/en/tools/savings-calculator](https://www.moneyadviceservice.org.uk/en/tools/savings-calculator)

How to protect yourself:  
[fsa.gov.uk/pages/consumerinformation/stay\\_safe/protect\\_yourself/index.shtml](https://www.fsa.gov.uk/pages/consumerinformation/stay_safe/protect_yourself/index.shtml)

## General debt advice

How to pay off your debts:  
[gov.uk/options-for-paying-off-your-debts](https://www.gov.uk/options-for-paying-off-your-debts)

National Debtline:  
[nationaldebtline.co.uk](https://www.nationaldebtline.co.uk)

Citizen's Advice:  
[citizensadvice.org.uk](https://www.citizensadvice.org.uk)

Step Change Debt Charity's Debt Remedy tool:  
[stepchange.org/debtremedy.aspx](https://www.stepchange.org/debtremedy.aspx)

Independent debt advice:  
[mymoneysteps.org](https://www.mymoneysteps.org)

Debt advice for small businesses (Business Debtline): [bdl.org.uk](https://www.bdl.org.uk)

Information on bankruptcy:  
[gov.uk/bankruptcy](https://www.gov.uk/bankruptcy)

# Your personal budget planner

Creating a budget sheet is the best way to work out how you should deal with your debts. It allows you to see exactly how much money you have coming in every month and the essential things you spend it on, plus how much – if anything – you may have left over to pay your debts off. Even if you don't have debts, a personal budget sheet can help you manage your money more effectively.

Once you've created your personal budget sheet, you can then create a budget summary.

This may come in useful if you need to send information to your creditors to prove how much money you can afford to pay to settle your debts. Your budget summary should include all of the information in the **red sections** of your budget sheet.

Finally, don't forget to keep your budget sheet up to date, especially when your circumstances change.



## Your income

In this section, list all the different types of income you and anyone else in your home brings in on a regular monthly basis.

### Wages/salary

Include what you earn each month after tax, National Insurance and pension contributions have been taken out (your take-home pay).

Your wages/salary	£ Monthly amount
Your partner's wages/salary	
Any other wages/salary	
<b>Wages/salary total</b>	

### Pensions

State pensions	£ Monthly amount
Private/work pensions	
Pension Credit	
Any other pensions	
<b>Pensions total</b>	

### Benefits and tax credits

Universal Credit	£ Monthly amount
Jobseeker's Allowance (income based)	
Jobseeker's Allowance (contribution based)	
Income Support	
Working Tax Credit	
Child Tax Credit	
Child Benefit	
Employment and Support Allowance/Statutory Sick Pay	
Disability Living Allowance/Attendance Allowance/	
Personal Independence Payment	
Carer's Allowance	
Housing Benefit/Local Housing Allowance	
Council Tax Support/Council Tax Reduction	
<b>Other income total</b>	

### Other income

Child support/maintenance	£ Monthly amount
Rent from boarders or lodgers	
Contributions from non-dependants	
Student loans/grants	
Investment income	
Any other income	
<b>Other income total</b>	

## Your assets

If you own your own home or you have a car or savings, these things should all be taken into account when dealing with your creditors, and you may have to sell some of them to help pay off your debts in a lump sum. If you cannot manage without any of your assets – your home and your car, for instance – explain why when you write to your creditors. If you don't have any assets that you can use to help pay off your debts, tick the box below.

I do not have assets I can use to make lump-sum payments

Tick box

## Your expenditure (page 8)

List all your average monthly outgoings in this section.

### Essential outgoings

<b>Rent</b>	£ Monthly amount
<b>Ground rent and service charges (factor fees in Scotland)</b>	
<b>Mortgage</b>	
<b>Second mortgage/secured loan</b>	
<b>Mortgage endowment/PPI</b>	
<b>Building and contents insurance</b>	
<b>Pension/life insurance</b>	
<b>Gas</b>	
<b>Electricity</b>	
<b>Water</b>	
<b>Other fuel bills (coal, oil, calor gas)</b>	
<b>TV licence</b>	
<b>Magistrates'/sheriff court fines</b>	
<b>Maintenance/child support</b>	
<b>HP/conditional sale</b>	
<b>Childcare costs</b>	
<b>Other care costs</b>	
<b>Other essential spending</b>	
<b>Essential outgoings total</b>	

### Phone costs

Home phone	£ Monthly amount
Mobile phone	
Other phone costs	
<b>Phone costs total</b>	

### Travel costs

All public transport costs	
Other travel costs	
Car insurance	
Road tax	
Petrol/diesel/oil	
Car maintenance (including MOT)	
Breakdown/recovery	
Parking	
Toll road charges	
Other travel costs	

**Travel costs total**

£ Monthly amount

### Household costs

Food and drink	
Cleaning products/toiletries	
Laundry/dry cleaning	
Clothing/footwear	
Newspapers/magazines	
Cigarettes/tobacco/sweets	
Alcohol	
Nappies/baby items	
Pet food	
Other household costs	

**Household costs total**

£ Monthly amount

### Miscellaneous costs

Dentist/optician/glasses/prescriptions/health insurance	
House maintenance and repairs/window cleaning	
Haircuts	
TV/video/other appliance rental	
Cable/satellite/internet	
Meals at work/school dinners	
Pocket money/school trips	
Lottery/pools	
Hobbies/sport/leisure	
Birthday/Christmas gifts	
Charity gifts	
Pet insurance/vet bills	
Other miscellaneous costs	
Other miscellaneous costs	
Other miscellaneous costs	

**Household costs total**

£ Monthly amount

## How much is available for creditors?

Work out how much you can offer to pay towards settling your debts by subtracting your expenditure from your income.

Total income	
Total expenditure	
<b>Total amount available for creditors</b>	

## Priority debts (page 22)

List any priority debts you have, including any payments you're already making towards them.

	£ Monthly amount	£ Total arrears
Rent/Mortgage arrears		
Second mortgage/ secured-loan arrears		
Magistrates'/sheriff court fine arrears		
Council tax arrears (also water charge arrears in Scotland)		
Maintenance/child support arrears		
Gas arrears		
Electricity arrears		
Other fuel bill arrears (coal, oil, calor gas)		
HP/conditional sale arrears		
Other priority debt		
Other priority debt		
<b>Total priority debt amount/repayments</b>		

## What's left for non-priority debts? (page 25)

Work out what you can afford to pay towards your non-priority debts by subtracting your total priority debt repayments from the total amount you have for creditors.

Total amount available for creditors	
Total priority debt amount/repayments	
<b>Total amount available for non-priority debts</b>	

## Non-priority debts

List all your non-priority creditors in the space below, including how much you owe and how much you can afford to pay towards settling each debt.

	£ Creditor/debt	£ Total arrears	£ Monthly repayment
Total non-priority debt amount /repayments			