

# Getting to grips with managing on a budget



## Money personality quiz

1. You find £10 lying on the street. Would you:
  - A Hand it in to someone in authority
  - B Spend it without telling anyone
  - C Share it with friends or family
  
2. When you check the change in your pocket, you see you have a lot of small change. Would you:
  - A Make sure you spend them the next chance you get
  - B Save them in a money box
  - C Throw them away because they are worth very little
  
3. When you receive your money for the week, would you:
  - A Spend it very quickly in one or two days
  - B Spend it all but spread over the week
  - C Spend what you need and save the rest
  
4. You run short of money. Would you:
  - A Offer to do some jobs to earn extra money or look for additional job
  - B Borrow from friends or family
  - C Go without
  
5. You find a purse with £100 cash and the address of the owner, would you:
  - A Keep quiet and keep all the money
  - B Return the purse to the owner
  - C Return the purse but keep some of the money in case they did not reward you
  
6. You get a present of a new PS4 / Xbox1 and want to use it straight away. Would you:
  - A Open it quickly and throw all packaging and paperwork away after you have read all the instructions
  - B Rip it open and throw all packaging and paperwork away
  - C Slowly open the packaging and keep it in case you want to sell it later
  
7. You buy some food and drink from a shop but notice when you are outside that your change is 75p short. Would you:
  - A Leave it until the next time you go into the shop and ask for your missing change
  - B Go straight back into the shop and ask for the 75p
  - C Go on your way and forget about the 75p
  
8. You get a text from your mobile phone company to say that their prices are increasing. Would you:
  - A Reduce the amount of texts and calls you make
  - B Look around for a better deal
  - C Ignore it because you mainly send texts and that is really cheap
  
9. You go shopping for a birthday present for a family member. While at the shops you see a great offer on a DVD that you've wanted for a long time. You only have enough money for the birthday present. Would you:
  - A Only buy what you came in for
  - B Buy the DVD and buy a cheaper present
  - C Buy the DVD and borrow some money from your friends to buy the birthday present
  
10. You need some new sports clothes. Would you:
  - A Only wear a well-known brand
  - B Wear the cheapest ones you can get
  - C Compare different branded and non-branded sports clothes and choose what you think is the best value

Score yourself as follows:

Question 1 A 5 B 1 C 3	Question 2 A 3 B 5 C 1	Question 3 A 1 B 3 C 5	Question 4 A 5 B 1 C 3	Question 5 A 1 B 5 C 3
Question 6 A 3 B 1 C 5	Question 7 A 3 B 5 C 1	Question 8 A 3 B 5 C 1	Question 9 A 5 B 3 C 1	Question 10 A 1 B 3 C 5

How did you score?

<b>If you scored over 40</b>	Well done. Your good habits will help to keep you in the money and out of financial trouble
<b>If you scored 30 – 39</b>	Some bad habits, but overall you have a sensible attitude towards money. A good example to those around you
<b>If you scored 19 – 29</b>	You have a mix of good and bad habits but do need to address some issues quickly. Not a lost cause but you need to be willing to change.
<b>If you scored 11 – 18</b>	You already have some very bad habits and need to change your ways. Bad habits formed towards money now can end up causing you problems later in life.
<b>If you scored 10</b>	Watch out, you could be heading for financial difficulty.

## Helpful and unhelpful money habits

Which one sounds more like you?

Unhelpful money habits	Helpful money habits
I spend then think	I think then spend
I make it up as I go along	I plan for what I need or want
I'm never sure what I've got	I watch the pennies
I don't know how much comes in or goes out	I've got a budget
I live for now	I think of the future
I'm all over the place	I stay in control
We all have a mix of helpful and unhelpful money habits. No one's perfect, but it's a good idea to think about how you could stop some unhelpful habits and start practicing the helpful ones!	












## Your small sacrifice and big reward

Item you have saved on	Item you could buy

## Top tips for saving money

**Keep these top tips handy for reference. Add more as you come across them.**

- Get into a habit of saving regularly, even if it's only a small amount
- Put loose change into a jar and bank it every three months: you'll be surprised how much there will be
- Shop around for best deals. Comparison websites are useful for this
- When you're food shopping, go to the supermarket with a 'shopping buddy' to take advantage of 'buy one, get one free' deals
- Search for discount codes when you're shopping online
- Search for restaurant voucher codes if you're planning to eat out
- Try to fill up a taxi with friends, or leave early enough to get the last bus home
- If you travel a lot, get a railcard for the train or weekly riders for the bus
- Invest any spare cash in a savings account that will earn some interest, ensuring you shop around for the best interest rates
- Transfer a regular amount to a savings account as soon as you are paid so your monthly budget is set by what's left
- Many hairdressers offer free or reduced price haircuts from trainees. Ask around to find out where to go
- If you go to the cinema, go on a night when there's a discount offer and get a student ticket
- Do you really need to get the bus today? Commit to walking everywhere you can for a month or two – you'll get fit too!
- Instead of buying a sandwich, make one at home and take it with you: a saving of around £3 per day
- Find out where there are cash machines that don't charge – and put a reminder on your phone to get cash out when you know you're going to be in that area of town instead of paying charges
- Use free messaging apps like WhatsApp and Snapchat to cut down on texting on your phone contract (although bear in mind that this may impact on your data allowance)

Item to be paid	Possible consequence
 <p>Rent</p>	<p>A court appointed officer can be sent to take your possessions and sell them to pay off your debt. Money could be taken from your earnings. You could be sent to prison.</p>
 <p>TV licence</p>	
 <p>Gas or electricity</p>	<p>You may be taken to court and ordered to repay.</p>
 <p>Mobile phone</p>	<p>You may be taken to court and ordered to repay. Your credit rating may go down.</p>
 <p>Mail order catalogue</p>	<p>You could be evicted from your home.</p>
 <p>Bank loan or overdraft</p>	<p>Your phone may be cut off. You may be taken to court and ordered to repay. Your credit rating may go down. Your bill may increase due to interest.</p>
 <p>Store card or credit card</p>	
 <p>Payday loan</p>	<p>Your supply will be cut off. You may be given a pre-payment meter, which will more expensive than standard billing.</p>
 <p>Family or friends</p>	<p>You may be taken to court and ordered to repay. Your credit rating may go down. Your bill may increase due to interest.</p>
 <p>Water rates</p>	<p>You will have to pay a court fine.</p>
 <p>Council tax</p>	



## Understanding your payslip

### Payslips

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

#### Example Payslip

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

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

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

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

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

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

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

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

# Bank statement information sheet

Student Sheet MS4.2



Mr N E One  
10 Fields Crescent  
Hackney  
London  
HK1 5HL

Account name: Mr N E One

Statement period: 1 June to 30 June

Account Number: 68564539

Sort code: 00-00-00

**Your Bank Account Details**

Date	Payment type	Details	Paid Out	Paid In	Balance
1 June		<b>BALANCE BROUGHT FORWARD</b>			<b>145.85CR</b>
3 June	ATM	Cash ATM Hackney	20.00		125.85CR
5 June	DR	Travel Away Hackney Card Transaction	80.00		45.85CR
8 June	DR	Caring Chemist Card Transaction	4.76		41.09CR
10 June	DD	Seven Trent Water	18.00		23.09CR
12 June	DR	Super Supermarket Stores Card Transaction	14.59		8.50CR
15 June	CR	Wages		335.00	343.50CR
17 June	SO	Any Bank Loan	50.00		293.50CR
17 June	CHQ	000478	185.00		108.50CR
18 June	DR	Card Point Chg. 1.75 @ 1.15pm	1.75		106.75CR
20 June	CR	Branch Pay In (Cheque)		40.00	146.75CR
23 June	ATM	Cash Dispenser ATM	30.00		116.75CR
24 June	DD	Clever Mobile Phones	18.34		98.41CR
24 June	DR	Big Screen Cinemas Card Transaction	6.75		91.66CR
29 June	ATM	Cash Dispenser ATM	20.00		71.66CR

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Each page is numbered

Your statement

The time period covered by the statement

Your unique reference, called your account number

A six-digit code that identifies your bank and the branch

A Direct Debit can only be set up by the organisation to which you are making a payment. Normally, you sign a mandate that gives the company permission to take funds from your account in an agreed way, and a standing order is a payment you can set up either to pay another person or organisation as a one off or on a regular basis. You can set up, amend or cancel the payment as and when you like

How much you had at the start of this period of time

ATM = automated teller machine: a cash-point

DR = debit: money left your account

CR = credit: money went into your account

DD = direct debit

SO = standing order

CHQ = a cheque: the number is shown under 'Details'

The dates are when the money left or entered your account. This might be different to when you paid for something, especially if you did this by cheque

The value of each transaction  
You may instead see:

- 'debits' instead of 'paid out'
- 'credits' instead of 'paid in'

A running total of your balance – how much you've got in your account

CR = in credit  
DR = in debit: you have an overdraft and owe this amount to the bank

You may also see a closing balance – how much you have at the end of this time

## Online bank statement

Student Sheet SM1.2



Look at this bank statement and then answer the questions. You can do this individually or with a partner or group.

Account title: Mr N E One	
Account number: 68564539	Available balance: £264.32
Sort code: 00-00-00	Account balance: £64.32
Date printed: 1 July xxxx	Overdraft limit: £200

Date	Payment Type	Details	Paid In	Paid Out	Balance
3 June	ATM	Cash ATM Hackney		20.00	125.85CR
5 June	DR	Travel Away Hackney Card Transaction		80.00	45.85CR
8 June	DR	Caring Chemist Card Transaction		4.76	41.09CR
10 June	DD	Seven Trent Water		18.00	23.09CR
12 June	DR	Super Supermarket Stores Card Transaction		24.60	1.51DR
12 June	CR	CR Wages	335.00		333.49CR
17 June	SO	SO Any Bank Loan		50.00	283.49CR
17 June	CHQ	000478		185.00	98.49CR
18 June	DR	Card Point Chg. 1.75 @ 1.15pm		1.75	96.74CR
20 June	CR	Branch Pay In (Cheque)	40.00		136.74CR
23 June	ATM	Cash Dispenser ATM		30.00	106.74CR
24 June	DD	Clever Mobile Phones		18.34	88.40CR
24 June	DR	Big Screen Cinemas Card Transaction		6.75	81.65CR
29 June	ATM	Cash Dispenser ATM		20.00	61.65CR
30 June	INT	Interest	2.67		64.32CR

On what date did the account go overdrawn?

How much income did the account holder receive in the month of June?

How many direct debits are shown on the statement?

How many standing orders are shown on the statement?

What bank charges appear on the account and why were they incurred?

Will the account holder incur a charge for when the account was overdrawn?



## Working out your potential salary

Using the table below, see if you can work out what the weekly wage and annual salary would be for an apprenticeship based on the rates listed:

Hourly rate	Hours per week (x 37 hours)	Weekly salary	Monthly salary	Annual salary (x 52 weeks)
£3.30 (apprentice minimum wage)	37			
£3.87 (minimum wage for 16-17 years)	37			
£5.30 (minimum wage for 18-20 years)	37			
£6.70 (national minimum wage)	37			

## Personal budget

As an apprentice, you will be earning an income, but you will also have costs that you might not have experienced at school or college. Using the example of earning £150 per week, complete the budget planner below to work out your weekly personal budget.

Activity	Cost
Transport (car insurance, loan, parking, bus or train tickets)	
Lunch	
Clothing	
Rent / contribution to home	
Mobile phone	
Going out	
<b>Total</b>	
Savings (£150 – total)	

### Checking your credit score and keeping a good score

It's important to check your credit score from time to time, to make sure no mistakes have appeared on your record. You can get a report for £2 from any of the three main companies that provide reports using the addresses below.

[equifax.co.uk/Products/credit/statutory-report.html](http://equifax.co.uk/Products/credit/statutory-report.html)  
[experian.co.uk/consumer/statutory-report.html](http://experian.co.uk/consumer/statutory-report.html)  
[callcredit.co.uk/stat-report-online/](http://callcredit.co.uk/stat-report-online/)

### How can I improve my credit score?

- If your score isn't looking good, or if you want to make sure it stays healthy, follow these top tips.
- Make sure you're on the electoral roll: as soon as you're 16 years old, you can register to vote if you're a British citizen or an Irish, EU or qualifying Commonwealth citizen. See [aboutmyvote.co.uk](http://aboutmyvote.co.uk) for more information and to register
- Avoid applying for lots of credit, including insurance and mobile phone contracts, in a short time
- If you're getting quotes for a loan, try asking the lender to do a 'quotation search' rather than a 'credit search'. Each credit search is listed on your file, so too many can harm your score, but a quotation search (or 'soft search') won't be recorded
- Have a good history: if you miss payments on a credit card or go over your limits, this will be recorded and it will affect whether you can get credit in the future. Always make at least the minimum repayment, or pay it off each month if you can
- If you're struggling to make repayments, contact the lender to get help rather than missing payments
- Make sure you have a history! If you don't have a credit card at all, you'll have no history. So it's a good idea to have a credit card and use it carefully
- Sharing a mortgage, loan or bank account with someone who has a bad credit score can affect your finances so be careful when applying for a joint product
- The longer you stay at one address, the better – even better if you're a home-owner rather than a renter. Keeping the same employer and bank account, and using a land-line telephone number rather than a mobile, will all show that you're more likely to be a reliable customer
- If you're rejected for credit, check your credit file immediately in case there's a problem or mistake on it. If you keep getting rejected, this will also be recorded on your file, even if the rejections are caused by a mistake
- Cancel any credit cards you no longer use: having too much credit can lower your score, even if you don't use it

## Sources of help and advice

Student Sheet 3.2



<p><b>ABCUL (Association of British Credit Unions)</b> Credit unions can offer savings, loan products and help to members to manage their finances. <a href="http://www.findyourcreditunion.co.uk">www.findyourcreditunion.co.uk</a></p>
<p><b>Citizens Advice Bureau (CAB)</b> There is a Citizens Advice Bureau in every area of the country – you'll find details of your nearest one online. They offer free, independent advice. <a href="http://www.citizensadvice.org.uk/getadvice">www.citizensadvice.org.uk/getadvice</a></p>
<p><b>Citizens Advice Scotland: <a href="http://www.cas.org.uk">www.cas.org.uk</a></b> Northern Ireland Association of Citizens Advice Bureaux: <a href="http://www.citizensadvice.co.uk">www.citizensadvice.co.uk</a></p>
<p><b>Citizens Advice</b> also have an online advice website with factsheets to download. <a href="http://www.adviceguide.org.uk">www.adviceguide.org.uk</a></p>
<p><b>StepChange Debt Charity</b> Advice online and by phone. 0800 138 1111 <a href="http://www.stepchange.org">www.stepchange.org</a> StepChange was previously called the Consumer Credit Counselling Service.</p>
<p><b>HM Revenue &amp; Customs</b> Your local tax office will be able to help you check if you are on the right tax code. You may also need to talk to them if you think you are due a rebate. <a href="http://www.hmrc.gov.uk">www.hmrc.gov.uk</a></p>
<p><b>The Insolvency Service</b> You can download a guide to dealing with companies you owe money to. <a href="http://www.insolvency.gov.uk/guidanceleaflets/guides.htm">www.insolvency.gov.uk/guidanceleaflets/guides.htm</a></p>
<p><b>Jobcentre Plus</b> Advice on benefits and tax credits. <a href="http://www.direct.gov.uk">www.direct.gov.uk</a></p>
<p><b>Money Advice Scotland</b> A network of confidential agencies across Scotland. 0141 572 0237 <a href="http://www.moneyadvicescotland.org.uk">www.moneyadvicescotland.org.uk</a></p>
<p><b>Money Advice Service</b> The Money Advice Service gives clear, unbiased money advice to help people make informed choices. 0300 500 5000 <a href="http://www.moneyadviceservice.org.uk">www.moneyadviceservice.org.uk</a></p>
<p><b>My Money Steps</b> Personalised debt advice based on a series of questions; provides action plans and emails to help you. <a href="http://www.mymoneysteps.org">www.mymoneysteps.org</a></p>
<p><b>National Debtline</b> A confidential phone service and downloadable self-help pack. 0808 808 4000 <a href="http://www.nationaldebtline.co.uk">www.nationaldebtline.co.uk</a></p>
<p><b>Payplan</b> A debt-management company offering free, practical advice on debt solutions. 0800 917 7823 <a href="http://www.payplan.com">www.payplan.com</a></p>
<p><b>Student groups</b> If you're at college, there will almost certainly be a welfare office or student services department that can give you financial advice.</p>
<p><b>TaxAid</b> Practical advice on tax issues for people on low incomes. 0845 120 3779 <a href="http://www.taxaid.org.uk">www.taxaid.org.uk</a></p>
<p><b>UK Cards Association</b> Useful advice for cardholders. <a href="http://www.theukcardsassociation.org.uk/advice_and_links/consumer_advice">www.theukcardsassociation.org.uk/advice_and_links/consumer_advice</a></p>