



Conquering your money

A money management and self help guide

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cma

Freedom from debt
Hope for the future



The Queen's Diamond
Jubilee Volunteering
Award 2012



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Workers earn it. Spendthrifts burn it.
 Bankers loan it. People spend it.
 Forgers fake it. Taxes take it.
 Dying leave it. Heirs receive it.
 Thrifty save it. Misers crave it.
 Robbers seize it. Rich increase it.
 Gamblers lose it. I could use it!

Richard Armour

Introduction

Sir Winston Churchill said, **'We make a living by what we get; we make a life by what we give.'** Money is a hugely important issue in all of our lives. Your attitude towards it will affect your well-being and mental health. The sooner you are able to get this right, the better it is all round, because money matters. And that's what this manual is about – *Money Matters!*

Whether your present income is low or comparatively high, spasmodic or regular, you need to learn to handle it well. With a bit of time and effort you can get on top of managing your finances. However, if you are regularly finding out that there is too little money left at the end of the month – or too much money left at the end of your money! – then this booklet has been written with you in mind.

Part one – general guide

This guide has been divided into two sections: The first is a guide to managing your money well: the second is a self help guide for anyone who is having difficulty with debt. The majority of people in this country are in debt to some extent. If you have a mortgage, a car loan, a credit card, an overdraft or a hire purchase contract, or if you owe money to anyone, then you are in debt.

Whilst the majority of people can manage to maintain their payments, it is very easy for something unexpected to occur that can make it difficult to keep up. Today's society encourages us to want more, to attain the latest big thing and as a result it is very easy never to be satisfied. Often you will hear people say "I don't have enough money – if only I could win the lottery". Realistically that's probably never going to happen! Thankfully, there is another way. This booklet will show you how to achieve this by helping you to learn how to live within your means, make good decisions and most importantly, take control of your finances and stop them controlling you.

Whatever your financial situation, however large or small your income, the aim of this booklet is to help you learn to be able to manage whatever you have in the best way possible.

Budgeting – how to do it

The first step to being in control is to take time to see exactly what you spend your money on. Very often we have no real idea of where it goes. Do you spend your leisure time shopping or are you a compulsive bargain hunter? Do you buy on impulse to make you feel better? Do you have to have the latest gadget or gizmo? Are you so busy that you rely on convenience food or take-aways? So how do you work out where your money goes? You need to be honest with yourself so that any budget you draw up is realistic and will work moving forward.

Failing to plan is planning to fail

Benjamin Franklin

Planning

Taking the time to do some planning and organising at the outset will really pay dividends in the long run. You will need to do some investigating to find out where all your money goes. Writing it down, either on paper or via some electronic tool will enable you to begin to understand what you are actually spending your money on. This will be a time consuming process, however there are now some very useful online tools and apps which can make the process easier for you. Don't feel you have to do it all at once and do ask for help if you are stressed, worried or get stuck.

Don't give up

You'll often hear people making the excuse 'figures are not my thing,' but if anyone really wants to take control of their finances, then they need to know **what money they have and what they are spending it on**, in order to stop debt from becoming a problem and escalating out of control.

Learning to be responsible with your money is a skill, which with practice anyone can acquire, and whilst handling money doesn't come naturally to everyone, with a little determination and self-discipline most people can improve in this area. Most importantly, you must not give up if things go a bit 'pear-shaped', and try not to worry or feel stressed as there is a lot of help available to you.

Income & Expenditure

You could use a budgeting app, or your bank account may have a facility to see what you are spending your money on. These can be very helpful to highlight areas of significant expenditure which you can look to see if you can reduce. If you don't have access to the internet or these sorts of Apps, you can use the sheet at the back and write down everything you spend (even down to the last Mars Bar!) over a period of 2 – 4 weeks (*see record sheet on page 18*). Whilst you may feel it is very time-consuming, this is the key to helping you understand your finances and it may also throw up some lifestyle issues that you need to address!

If you have a partner, then both of you will need to keep a record of your spending. Talk things through together, be honest and don't judge one another. You are jointly responsible for this and it is really important that you are both happy about the financial decisions that you make. If you can't agree on a budget or financial statement (see p19) then it will never work. Financial problems are often the cause of conflict, so if you are having difficulty agreeing, then talk it through together with someone you can trust to help you find a way forward you can agree on.

Once you have obtained your financial information or completed the record sheet, the next step is to draw up a **Financial Statement**. This is a monthly account of the income and expenditure of your household. Whatever the nature of your income, whether it's small or big, erratic or regular, it is vital to be able to keep track of the amounts coming in and what it is being spent on. Always start by calculating the amount you have coming into your household. Don't forget to include all income, such as child benefit (if you are entitled to it) or a pension. Be wary of including overtime or bonuses as they are not part of your guaranteed income. A good principle is to learn to live on your basic salary, then you have the option of saving any extra, or perhaps giving it away to help others!

You can find out if you are entitled to claim any benefits by using an online benefits calculator such as www.entitledto.co.uk or www.turn2us.org.uk. Many people who are entitled to help from the benefits system are not currently claiming as they don't realise they are able to. If you are self-employed or have an erratic income then you could work out an average monthly figure based on your last 3 – 6 months. It is important to work out everything on a monthly basis, so to calculate any weekly payments into monthly amounts you will need to multiply by 52 and divide by 12.

A **Financial Statement** is useful even if you are not in debt. Take time to go through all the categories of expenditure using the record sheet to help you work out exactly where your money goes. Don't forget to include any regular areas of 'other' expenditure that aren't on the blank Financial Statement. If you are uncertain what you should include in your expenditure, then read **Step 1** in the **self help** section of this guide. Include amounts for socialising, present buying, hair-cuts, repairs etc within your housekeeping allowance. Often people wildly underestimate the amount they spend on general living. Once again use your chosen App, bank account data or record sheet to guide you.

Don't panic

When you have added everything up, you may be surprised or even horrified by the final figures. If you find your income is less than your expenditure, there are a number of things you may be able to do to reduce your outgoings and/or increase your income. Lifestyle issues will be considered in the next section but here are a few practical tips & suggestions that you may find helpful:

- Check and see if you may be entitled to benefits.
- If you have a spare room, consider taking in a lodger – under the Government's 'rent-a-room' scheme the first £7,500 of rent you receive is tax free, although it may affect certain benefits if you are currently receiving them. (Do check online).
- If you are a single parent, make sure you have done everything you can to receive maintenance. Often people are reluctant to involve the CMS (Child Maintenance Service) but you should use them if your former partner is not contributing fairly.
- Consider getting your gas and electricity from one supplier – often you can make considerable savings by shopping around.
- You may be able to reduce your home and contents insurance by shopping around or looking on the Internet. You could try playing one provider off against another.
- If you or a member of your household use the Internet a lot, consider an all inclusive monthly package to avoid the risk of a large, unexpected telephone bill.
- Whenever possible pay regular bills by direct debit – sometimes there is a discount offered to people paying this way.
- If you have a mortgage, talk to an *independent* financial adviser (often advisers are tied to a company) to see if you have the best deal. Lenders rely on people's apathy so that the best rates available are rarely passed on to existing customers.
- A note of caution – never borrow to get out of debt. Consolidation loans, secured loans and top up mortgages to pay off credit debts can have severe consequences if payments aren't maintained – and they do not address the underlying problem.

In addition to the above, you may have other ideas which you could talk through with someone you trust. If you have non-priority debts then carefully work through part two of this guide – **self help**.

Financial Statement

When you complete your Financial Statement, don't expect to get it right first time. You may discover areas of expenditure that you underestimated or omitted altogether. Don't give up. Draw up another Financial Statement, and try again and keep going. This is good practice and introduces a level of discipline which is key to being in control of your finances rather than letting them be in control of you.

When you are satisfied you have the correct amounts in your financial statement, the next step is to see if you can live within the allowances you have given yourself. It may take some practice to get it right.

Gaining an understanding about your fixed costs e.g. rent/mortgage, utilities, Council Tax against those which can vary e.g. leisure, food and clothes etc. will help you focus on the areas in which you can limit spending. As an example; a Saturday night takeaway for the family may cost £30, and whilst this may not seem a huge amount of money, it adds up to a staggering £1560 per year, which is more than enough to cover most people's annual combined gas and electricity bills!

Get into the habit of producing a fresh financial statement every time your circumstances change. Occasionally you may feel that you have blown it.

Don't despair; go back to your financial statement and see if you can re-evaluate. If you know you are vulnerable in certain areas, don't be frightened to ask someone you trust if you can talk it through with them to make you accountable. Perhaps you could try saving your 50p's or £2 coins so that when you have to get something, you have the money saved rather than having to borrow from somewhere else.

As suggested earlier, the very act of sitting down and finding out what you spend your money on may well have highlighted areas that need addressing.

Annual income twenty pounds,
annual expenditure nineteen
six, result happiness. Annual
income twenty pounds, annual
expenditure twenty pound
ought and six, result misery

Charles Dickens

Buy now, pay later

In today's society, there is an enormous temptation to spend more than we have: Buy now, pay later... 0% finance available... Don't worry if you cannot afford it now, put it on a storecard and pay off in small instalments... Seen your dream car – why wait? The message is constant – dropping through our letterboxes daily or on the television and all over the internet and social media – how can we resist?

We need to have a right perspective and be able to take a long hard look at the distinction between *needs* and *wants* and make some positive choices about how we want to use our money. In the UK alone £1.7billion a year is spent on impulse buys. If you find bargains irresistible or you have to have the latest gadget or fashion, it can be a useful practice to wait a couple of weeks before making a purchase, to check that you can afford it and make sure you still really want it.

Try and get into the habit of paying for things out of the money you already have rather than buying first and paying later. Do you have long term savings plans so that you can afford that holiday, washing machine or day trip with the children, rather than putting them on credit? If it helps, create a short and long term 'wish list' for various items that you may need. Sometimes, people who have debt problems also have savings but are reluctant to use them, commonly quoting "I may need them for a rainy day". They don't realise it's pouring already!

Christmas

Christmas is the season when you buy this year's gifts with next year's money

This deserves a special mention as it is often a very expensive time and rarely planned for. Very few families actually know how much they spend over the Christmas period, never mind think about budgeting for it. As with all annual items of expenditure (Christmas, birthdays, road tax, etc) a regular amount needs to be put aside each week/month. This will ensure there is money to pay for it when the time comes. Consider setting up a savings or Credit Union account specifically to save for those 'one off' costs.

Debts

If you have debts, a proportion of any savings you have really should go to your creditors. Many people talk about 'my money' and 'my rights' but we need to understand that when we borrow we are spending someone else's money, so it is right to make every effort to repay our debts.

In some cases, where circumstances have changed or are so difficult, it may not be possible to repay what you owe. If this is the case don't panic, and definitely don't bury your head in the sand hoping it'll all go away because it won't; do seek free, professional debt advice from a provider authorised by the Financial Conduct Authority. This advice can be obtained through telephone, internet or face to face appointments. Your provider will let you know the different options that are available for you to deal with your debts, and help you to choose the right one for your situation.

Giving whilst in debt can be a contentious issue. Creditors, quite understandably, feel all available income should be used to repay them. If you are wanting to continue giving regularly to charity or to family members, then you could look to give a percentage out of the amount you have allocated to your housekeeping budget.

If you have a current debt problem **Part Two** of this guide will take you through a series of steps that will help deal with your financial difficulties. Again, it is advisable to work through these steps with someone to achieve a level of balance, encouragement and support.

Part two – self help

Once debts start to mount there is a process that you will need to go through in order for you to regain control of your financial situation. The fact that you have acknowledged there is a problem is a good starting point but there are three important things of which you need to be aware:

- 1 Always keep your creditors informed of what is happening.
- 2 Any offer of payments you make must be realistically what you can afford.
- 3 You must make the payments regularly, not every now and again.

What you need to do

- Step 1** Work out what money you have coming in and how much you need to live on.
- Step 2** Make a list of all the people you owe money to and how much.
- Step 3** Sort out which debts need to be given priority and how much you can afford to give those creditors.
- Step 4** Offer your other creditors a percentage of any further available income i.e. the biggest sum to those you owe most to.

Step 1 Income and expenditure

You should work out your income and expenditure on a monthly basis. A *month* means a calendar month, not 4 weeks. To convert a weekly figure into a monthly figure, multiply it by 52 then divide by 12. Use the Financial Statement on page 19 to work out what you spend on various items. Take your time over it and be as realistic as possible.

Income

- All income shown should be the actual money you receive after tax and National Insurance has been taken off.
- Remember to include all benefits, including child benefit and any other money regularly coming into the household e.g. maintenance.

Expenditure

- When you are working out your expenditure remember to include your occasional purchases, e.g. vet fees if you have a pet, dental costs, hairdressers. Try and work these out as a monthly average figure, for example; if you spend about £40 every 6 weeks on hairdressing, this equates to just under £29 per month on average.

- When filling in motor expenses, allow money for routine maintenance as well as road tax, insurance, MOT and fuel costs.
- Do not base housekeeping on the lowest amount you have paid recently, as this may not be a realistic figure.
- The form might not include spaces for all your expenditure, so give thought to any additional costs and include them too.
- Do include your usual rent or mortgage payments, any secured loan payment, water, gas, electricity and council tax (separately noting down any arrears).
- Also, if applicable, put down magistrates' court fines, maintenance or CSA payments and essential hire purchase costs (e.g. car needed for work but not electronics, furniture etc.).
- Do not put down your payments for unsecured loans, credit cards, overdrafts, store cards or catalogue accounts; these will get a share of what is left once you have sorted out your priority debts.

Now, add up your income and expenditure – then subtract your total expenditure from your total income. This amount is called your *disposable income* and this is what you have available to pay your creditors. You may find you don't have any disposable income. If this is so, re-check through your outgoings and see if there are any areas that you can cut down. If there isn't any disposable income you will need to write to your creditors and tell them why using *Draft Letter 2*.

Step 2 List of creditors

- Sort any paperwork you have for each creditor into individual piles and keep them separate from now on. Arrange them into folders (real or virtual), for hard copies envelopes are ideal.
- Look out for any default notices or Court Summons – they may need to be dealt with quickly as any delay may mean increased costs and/or enforcement action, e.g. bailiffs.
- Make a list of all your debts (using the sheet at the back of this booklet) with the address, reference no. and the amount you owe. If you are in doubt as to the exact amount you owe to any creditor, send Draft Letter 1.
- Now add together the total amount owed – don't panic! This might be more than you expect.
- Once you have made your list of creditors you need to sort them into categories. Some may be **priority debts** which will need dealing with sooner than others because of the possible consequences.

See Appendices on page 13

Step 3 Priority debts

- Priority debts are not necessarily the biggest debts but they are the ones that have the most serious consequences if they are ignored e.g. house repossession, eviction, gas/electricity being disconnected, or potential imprisonment for non-payment of fines, Council Tax or Maintenance Orders.
- Speak to these creditors first, using your disposable income to negotiate reduced monthly repayments. If you have a mortgage, talk to your lender or an independent financial adviser to see if you can restructure your repayments.

- You may be able to have gas and electricity meters installed which will take any arrears into account and help you spread the cost over a longer time-period.
- You might like to change your telephone to incoming calls only, thus reducing rental charges as well as call charges. Look at reducing your mobile package if you can.
- Try to keep some of your disposable income available to put towards your non-priority debts.
- Once you have sorted out your priority creditors you will need to distribute the rest of your disposable income in proportion to the amount you owe each non-priority creditor.

Step 4 Non-priority debts

- Cut up any credit cards, store cards or charge cards you have.
- Refer to the Financial Statement and follow these steps using a calculator in order to work out what you should offer each of your non-priority creditors.

- 1 Take your disposable income figure £ (A)
- 2 Add up the total of the amounts you owe all your non-priority creditors £ (B)
- 3 Take the amount you owe one of your non-priority creditors £ (C)
- 4 Divide (C) by (B) then multiply by (A). This gives the amount to offer this creditor

Remember to work in monthly amounts. Follow the above steps for each non-priority creditor. Next add up the amounts offered. The total should match your disposable income within a few pence. (If not, you have gone wrong! Go back and try again). See the example below to help you go through the steps or use the Excel calculator available at

www.communitymoneyadvice.com/freedom-from-debt/useful-guides

- 1 Disposable income prior to paying any creditors per month = £
- 2 Amount allocated to priority creditor per month = £
- 3 Amount of disposable income left for distribution between non-priority creditors per month = £
(money left after paying priority debts)

Example

J Bloggs has a 'disposable income' of £35 per month after he has paid his 'priority creditors'. He has a credit card on which he owes £1,735 and an overdraft of £376.

Disposable Income (A) £35

Total owed to non-priority creditors (B) $£1,735 + £376 = £2,111$

For credit card (C) £1,735

Repayment offer $C \div B \times A = 1,735 \div 2,111 \times 35 = £28.77$ per month

For overdraft (C) £376

Repayment offer $C \div B \times A = 376 \div 2,111 \times 35 = £6.23$ per month

Total offers £35 = Disposable Income

Using *Draft Letter 3* send a copy of your Financial Statement to all your non-priority creditors stating clearly the amount you are offering them. It may take time to hear back but do begin regular payments as soon as you have worked out the repayments. Ask your creditors for enough payment slips if appropriate. Start paying these amounts even before you have heard back from them as this shows that you are serious about paying off your debts. It is essential to keep paying them however little you are offering.

If your Financial Statement is accurate and realistic, then your non-priority creditors should agree to your proposals. If they don't, do not offer them any more money, but send them another copy of your Financial Statement stressing that you cannot afford any more and that you have dealt with each creditor on a fair proportional basis which any court would almost certainly uphold.

If you are unable to make 'full' repayments to your creditors, they will usually accept reduced payments for a limited time e.g. 3 or 6 months, after which you will need to re-contact them. We would suggest that when you do contact them again, provided you have made regular payments, you ask them not only to let you continue paying what you are paying now (if your circumstances haven't improved) but also to suspend any interest/charges as well.

If and when your circumstances improve, you will need to repeat the whole process, making increased payment offers to all your creditors. Don't be tempted to use any extra money to pay off just one or two small creditors, as this is unfair on the other creditors. Any payments need to be split fairly and proportionately across all creditors. If you do treat a creditor 'preferentially' it may jeopardise your ability to access other debt resolution options should you need to at a later date.

If you have a court summons or a judgment against you we would advise you to talk to your local CMA centre or free Money Advice Centre, who can help you to arrange with the court, instalments which you can realistically afford. This is a simple procedure using court forms which should be readily available.

You should also talk to a debt adviser if there is any possibility that you may need to declare yourself bankrupt. For an information leaflet about the different debt resolution options please visit www.communitymoneyadvice.com/freedom-from-debt/useful-guides

Appendices

Priority & Non-priority debt list

Debt type	Priority or Non-priority	Consequence of non payment
Bank loan	Non-priority	County Court Judgement (CCJ)
Benefit overpayment	Non-priority (unless DEA)	Deductions from benefits/wages
Catalogue debt	Non-priority	CCJ
Consolidation loan	Non-priority unless secured	CCJ
Council tax (current year)	Priority	Loss of goods/imprisonment
Council tax (previous year)	Priority	Loss of goods/imprisonment
Credit/charge card	Non-priority	CCJ
Electricity arrears	Priority unless previous supplier	Disconnection
Gas arrears	Priority unless previous supplier	Disconnection
Hire purchase/Conditional sale	Priority	Loss of goods
Income tax / National Insurance	Priority	Loss of goods/imprisonment
Internet/TV packages	Non-priority	CCJ
Loan from family member	Either priority or non-priority	Breakdown in relationship/CCJ
Magistrates court fines	Priority	Loss of goods/imprisonment
Maintenance/CSA arrears	Priority	Loss of goods/imprisonment
Mortgage arrears	Priority	Loss of home
Mortgage shortfall	Non-priority	CCJ
Parking charges/fixed penalty notices	Either priority or non-priority	Priority if enforced by Magistrates Court Non priority if enforced by County Court
Payday loan	Non-priority	CCJ
Rent arrears (current property)	Priority	Loss of home
Rent arrears (possession order)	Priority	Loss of home
Rent arrears (previous property)	Non-priority	CCJ
Secured loan	Priority	Loss of home
Social fund loan	Non-priority	Deductions from benefits/wages
Store card	Non-priority	CCJ
Tax credit overpayment	Non-priority	Deductions from benefits/wages
Telephone (landline & mobile)	Non-priority (Priority if essential)	Disconnection
TV Licence	Priority	Fine
Unsecured loan	Non-priority	CCJ
Water arrears	Non-priority	CCJ

Glossary of terms

Arrears The total amount of payments which are now overdue.

Budget A plan for balancing your spending against your income.

County Court Judgement (CCJ) Judgment issued by the court for you to make repayments on a debt that you have failed to keep to an original agreement on keep to an original agreement on.

Court Summons A set of forms giving a court hearing date and also inviting you to explain your financial circumstances so that the court can determine how much you can afford to pay.

Creditor Someone who has lent money or goods to someone.

Debtor Someone who has borrowed money or goods from someone.

Default Notice An official form which must be issued by a creditor before court action can start. This applies to regulated loans (i.e. most loans of £15,000 or less).

Disposable Income The income that is left over when your expenditure is subtracted from your income. Expenditure does not, in this case, include Non-Priority Debts.

Financial Statement A summary of your income and expenditure, showing how much money, if any, is left over to pay off your debts. The Financial Statement is central to any negotiation with creditors or courts.

Hire Purchase A method of purchase often used to buy cars and household items, where the item is legally owned by the creditor until the end of the agreement. NB. This means that even if the item is returned to the creditor the debt can still remain.

Non-Dependants Contribution Someone living with you and contributing financially into the household.

Non-Priority Debts Debts which do not put the borrower at serious risk if not paid. Such debts can lead to court action, but not to losing a home.

Priority Debts Debts which put the borrower at risk of serious loss if not paid, such as losing a home, car, phone, gas or electricity supply etc. or going to prison.

Secured Loan A loan guaranteed by some property that belongs to the borrower (usually a house). If the borrower doesn't pay, the lender can take the property and sell it to pay off.

Unsecured Loan A loan which is not guaranteed by property.

Some Dos and Don'ts

Do Don't

Do notify creditors of any problems or changes immediately	Don't assume your debts will go away if you ignore them or if you have not heard from your creditors for some time
Do give priority to those debts which may result in you losing your home, fuel supply or liberty	Don't be pressurised into making any decisions – if things upset you take time to think and cool down
Do respond to Court Summons immediately	Don't 'rob Peter to pay Paul' – be fair in your offers
Do respond to letters promptly	Don't make offers you can't afford
Do keep copies of all correspondence	Don't borrow more money to pay off your debts without taking independent advice – this can make matters worse
Do ensure repayments are realistic	Don't give up trying to reach an agreement with your creditors even if they are difficult
Do make regular payments – however small	Don't lose hope: even if it takes a long time, you can still get through it and find a solution to your situation
Do ensure all figures are given either monthly or weekly, not a mixture of both	Don't buy it if you can't afford it
Do ring 01743 341929 or go to www.communitymoneyadvice.com to find your nearest CMA centre to ask for advice or make an appointment. CMA advisers will be only too pleased to help you	

Above all – be honest

I am living so far beyond my income that we may almost be said to be living apart

CMA Calendar Sheet for Budgeting

Write down annual items of expenditure and amounts in the month they are due. Also include any exceptional income and the months when Council Tax and water rates do not need to be paid

	Jan	Feb	Mar
Income	Amount £	Income	Income
		Amount £	Amount £
Expenditure	Amount £	Expenditure	Expenditure
		Amount £	Amount £

	Apr	May	Jun
Income	Amount £	Income	Income
		Amount £	Amount £
Expenditure	Amount £	Expenditure	Expenditure
		Amount £	Amount £

Jul

Income		Amount £		Income		Amount £
Expenditure		Amount £		Expenditure		Amount £

Aug

Income		Amount £		Income		Amount £
Expenditure		Amount £		Expenditure		Amount £

Sep

Income		Amount £		Income		Amount £
Expenditure		Amount £		Expenditure		Amount £

Oct

Income		Amount £		Income		Amount £
Expenditure		Amount £		Expenditure		Amount £

Nov

Income		Amount £		Income		Amount £
Expenditure		Amount £		Expenditure		Amount £

Dec

Income		Amount £		Income		Amount £
Expenditure		Amount £		Expenditure		Amount £

Total expenditure January to December £
Allocated savings* £

*Total expenditure January to December divided by 12

This figure should be transferred to the Standard Financial Statement

Record sheet

from

to

Date of purchase**What I bought****Cost****How paid for**(i.e. cash/phone App/credit or
debit card/internet)**Week one**

Total end of week one £**Week two**

Total end of week two £**Total for both weeks together £**

Financial Statement (Fill in using pencil first so that you can rub out any mistakes)

Name:	Number in family:	Date:
Address:		

Income

	Weekly £	Monthly £	Notes
Wages/Salary	<input type="text"/>	<input type="text"/>	
Partner's Wages/Salary	<input type="text"/>	<input type="text"/>	
Benefits	<input type="text"/>	<input type="text"/>	
Tax Credits	<input type="text"/>	<input type="text"/>	
Pension	<input type="text"/>	<input type="text"/>	
Maintenance	<input type="text"/>	<input type="text"/>	
Non-Dependants Contribution	<input type="text"/>	<input type="text"/>	
Other	<input type="text"/>	<input type="text"/>	
Total Income	<input type="text"/>	<input type="text"/>	

Expenses

	Weekly £	Monthly £	Notes
Housing	<input type="text"/>	<input type="text"/>	
Council Tax	<input type="text"/>	<input type="text"/>	
Gas/Electricity/Water	<input type="text"/>	<input type="text"/>	
Insurances	<input type="text"/>	<input type="text"/>	
Other Fuel	<input type="text"/>	<input type="text"/>	
Housekeeping	<input type="text"/>	<input type="text"/>	
TV Licence/Satellite/Rental	<input type="text"/>	<input type="text"/>	
Travel	<input type="text"/>	<input type="text"/>	
Maintenance Payments	<input type="text"/>	<input type="text"/>	
Clothing	<input type="text"/>	<input type="text"/>	
Total Phone	<input type="text"/>	<input type="text"/>	
Childrens' Costs	<input type="text"/>	<input type="text"/>	
Pet Costs	<input type="text"/>	<input type="text"/>	
Dentist/Prescriptions/Glasses	<input type="text"/>	<input type="text"/>	
Bank Charges	<input type="text"/>	<input type="text"/>	
Fines	<input type="text"/>	<input type="text"/>	
Maintenance Payments	<input type="text"/>	<input type="text"/>	
Credit/Debt Repayments	<input type="text"/>	<input type="text"/>	
Giving	<input type="text"/>	<input type="text"/>	
Christmas/Birthdays	<input type="text"/>	<input type="text"/>	
Savings	<input type="text"/>	<input type="text"/>	
Total Leisure	<input type="text"/>	<input type="text"/>	
Repairs	<input type="text"/>	<input type="text"/>	
Other	<input type="text"/>	<input type="text"/>	
Total Expenses £	<input type="text"/>	<input type="text"/>	

Remaining Income £

Remaining Income =
Total Income minus Total Expenditure

<input type="text"/>	<input type="text"/>
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Draft letters to creditors

Draft letter I

Your address

Date

Creditor's address

Dear Sirs,

Re: (your name) Account No:(the account number or reference number)

I am/we are writing to let you know that I am/we are experiencing financial problems.

I/we should be very grateful if you would complete the form below so that I/we can work out my/our financial position and make realistic proposals for repayments to yourselves and other creditors.

I/we should be grateful if you would suspend any further action on this account.

I/we look forward to your early response and thank you for your assistance in this matter. Once I/we have heard from all my/our creditors I/we will write to you again.

Yours faithfully,

Your name:

Name & Address of Creditor:

Date:

Account Reference:

Balance:

Arrears Balance & Terms of Repayment:

Additional/useful information:

APR:

Draft letter 2

Your address

Date

Creditor's address

Dear Sirs,

Re: Account No:

Thank you for your letter providing me/us with details of my/our account with you. I/we have now received all the information necessary from my/our other creditors to enable me/us to make an assessment of my/our current financial affairs.

Unfortunately as you can see from the enclosed financial statement I/we am/are at the moment unemployed/off sick/on a low income and have no disposable income to distribute to my/our non-priority creditors. I/we would therefore ask you to accept a token payment of £1 per monthly until my/our circumstances improve.

I/we will contact you again as soon as there is any change and meanwhile thank you for your assistance in this matter.

Yours faithfully,

Your name

Draft letter 3

Your address

Date

Creditor's address

Dear Sirs,

Re: Account No:

Thank you for your letter providing me/us with details of my/our account with you. I/we have now received all the information necessary from my/our other creditors to enable me/us to make an assessment of my/our current financial affairs.

I/we have enclosed a financial statement giving details of my/our monthly income, essential outgoings and priority debt repayments. It also includes a schedule of repayment offers to yourselves and my/our other creditors which have been calculated on an equitable pro rata basis. My/our offer to you is £xx per month.

I/we hope that you will agree to these proposals and I/we look forward to receiving written confirmation in the near future. Thank you for your continuing co-operation in this matter.

Yours faithfully,

Your name

Priority creditors list

This is for your own records. Use it as a means of collecting your information together, and making sure you have all the details ready for use on the financial statement which you will send to all your creditors. All figures must be for the same time period – either weekly or monthly.

	Name and address of creditor	Account number	Amount owed
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

Non-Priority creditors list

This is for your own records. Use it as a means of collecting your information together, and making sure you have all the details ready for use on the financial statement which you will send to all your creditors. All figures must be for the same time period – either weekly or monthly. To work out what you should offer as repayments to your Non-priority creditors you can use the following formula or you can use an online calculator to do it for you.

- 1 Disposable income per month = £
- 2 Amount allocated to priority creditors = £
- 3 Amount of disposable income left for distribution between non-priority creditors per week/month = £
(money left after paying priority debts)

Example

J Bloggs has a 'disposable income' of £35 per month after he has paid his 'priority creditors'. He has a credit card on which he owes £1,735 and an overdraft of £376.

Disposable Income (A) £35

Total owed to non-priority creditors (B) $£1,735 + £376 = £2,111$

For credit card (C) £1,735

Repayment offer $C \div B \times A = 1,735 \div 2,111 \times 35 = £28.77$ per month

For overdraft (C) £376

Repayment offer $C \div B \times A = 376 \div 2,111 \times 35 = £6.23$ per month

Total offers £35 = Disposable Income

	Name and address of creditor	Account number	Amount owed
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

NB Please photocopy if you have more than 12 creditors

Useful information & websites

Community Money Advice: tel: 01743 341929

email: info@communitymoneyadvice.com

Debt: www.communitymoneyadvice.com www.stepchange.org www.nationaldebtline.org

General: www.moneyadviceservice.org.uk www.moneymagpie.com www.moneysavingexpert.com

Credit unions: www.findyourcreditunion.co.uk

Family: www.careforthefamily.org.uk

Foodbanks: www.trusselltrust.org

Child maintenance options: www.cmoptions.org

Bereavement: www.gov.uk/funeral-payments

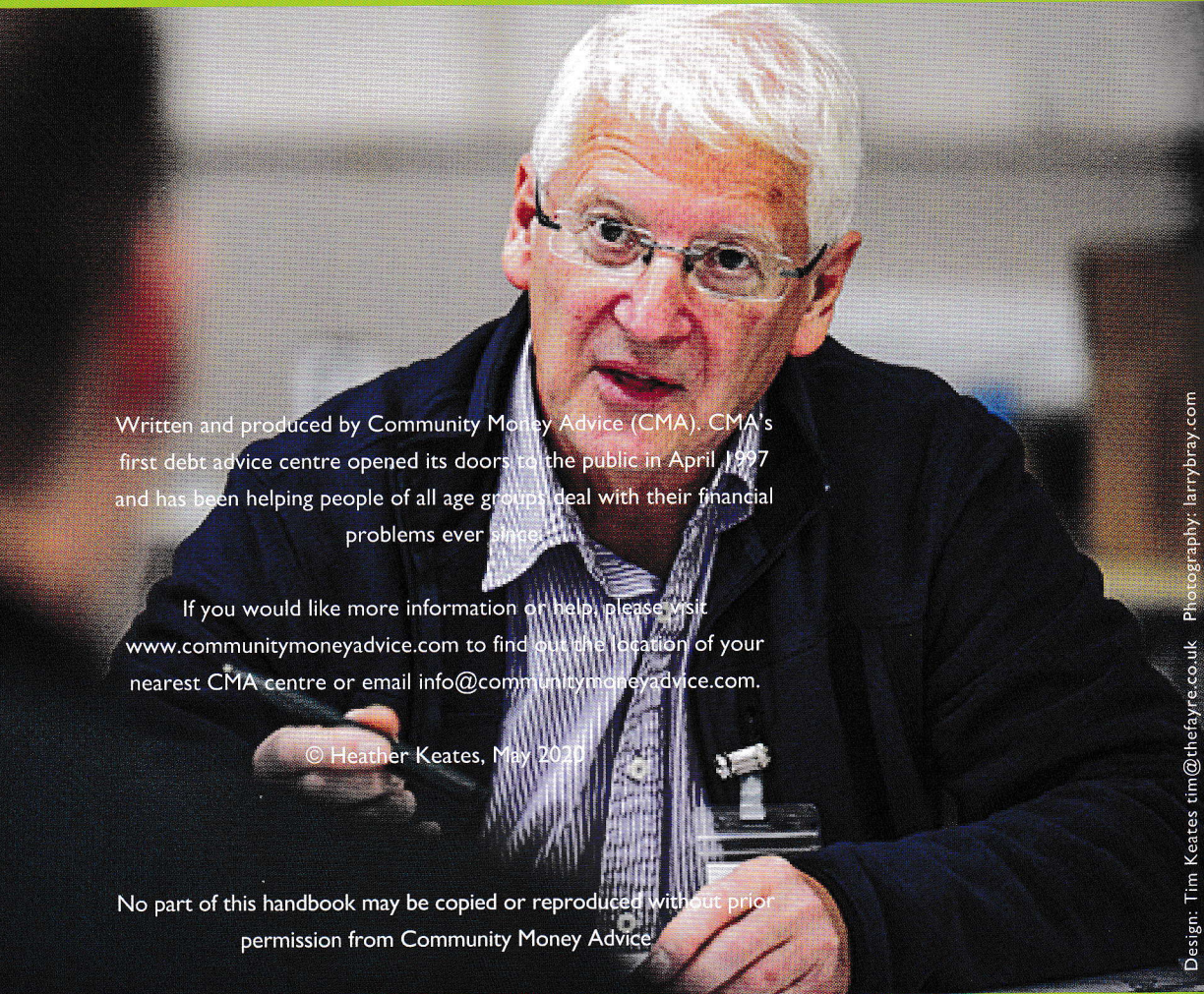
Prescriptions: www.gov.uk/get-a-ppc

Banks & savings: www.moneyfacts.co.uk

Food/recipes/cooking on a budget: www.lovefoodhatewaste.com www.cookingonabootstrap.com
www.thriftylesley.com

Saving energy at home: www.thegreenage.co.uk

Debts are like
children: the smaller
they are the more
noise they make



Written and produced by Community Money Advice (CMA). CMA's first debt advice centre opened its doors to the public in April 1997 and has been helping people of all age groups deal with their financial problems ever since.

If you would like more information or help, please visit www.communitymoneyadvice.com to find out the location of your nearest CMA centre or email info@communitymoneyadvice.com.

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cma

Freedom from debt
Hope for the future



The Queen's Diamond
Jubilee Volunteering
Award 2012