



Managing Money – The Dos and Donts

Prepare a budget – and don't just go through the motions, do it properly, take your time. Not doing a budget is like recommending a course of treatment for a patient without doing an examination or diagnosis. See the budget planner on www.moneysavingexpert.com and watch the video to get you started. The net result will be more money to save or invest or to spend on the nice things in life.

“Tax doesn't have to be taxing” claimed an H.M. Revenue & Customs advert a few years ago. Wrong! It is taxing so if you are self-employed get yourself an accountant to make sure your annual tax returns are done correctly and you pay the right amount of tax at the right time (hopefully as little as possible!). Check out “Where to find an accountant” on www.businesslink.gov.uk or ask your self-employed colleagues which accountants they use. Finding a good accountant is a bit like finding a good builder, personal recommendation is best and they're worth their weight in gold.

Insure or not to insure? Some forms of insurance appear to have been invented by the financial services industry purely to extract money from our wallets. When the nice young man in the electric goods shop pushes you to buy an extended warranty cover, don't just say “I'd love to” and don't tick the box for the breathtakingly expensive payment protection insurance when you take out a loan or sign up for a credit card.

Some insurance like motor insurance or home buildings and contents for homeowners is essential. Get no selling, no jargon information at www.moneymadeclear.fsa.gov.uk and shop around at money comparison websites such as www.moneysupermarket.com. Consider income protection insurance which will help to keep your head above water if you can't work due to long term sickness.

Be clever with credit. Don't sign up for store cards every time you go shopping for clothes and other consumer items. Most people don't pay any of them off in full each month and sleepwalk into paying an average interest rate of 30% APR. With some credit cards available for 0% for limited periods, you could be throwing money down the drain. Don't tick the box to pay the minimum required payment (usually about 3% of the current balance) on an APR credit card each month by direct debit. This means that to pay off £2,000 it would take a staggering 15 years and 9 months and the total pay back would be £3,733! Try the credit card repayment calculator for yourself at www.which.co.uk.

Use your credit card for luxuries only and set up a direct debit to pay the full balance each month. This will help you spend within your budget and pay absolutely no interest.





Mortgage Maze – The biggest financial decision of your life is probably choosing a mortgage. Don't go to a "financial adviser" at your bank just because it's easy and saves you a lot of hassle. Most banks will only offer their own mortgage products. Use a "whole of market" and "fee free" mortgage broker and get a much better deal which could save thousands of £s over the life of the product. Download "The Mortgage Guide" or "The Remortgage Guide" from www.moneysavingexpert.com. To help you find your way through the maze.

Trouble coping with credit or dealing with debt? You may, for example, have problems coping with deferred payment agreements such as loans for career development or professional studies where big monthly payments have kicked in now that your student status has come to an end. Don't rob Peter to pay Paul it's rarely the best move. Plain English, expert, free advice is available from:

www.nationaldebtline.co.uk 0808 808 4000

www.cccs.co.uk 0800 1381111

www.payplan.com 0800 716239

www.adviceguide.org.uk

www.cas.org.uk – for CABs in Scotland

www.adviceni.net – for advice in Northern Ireland

There are plenty of fee-charging debt management companies advertising all over the web and in newspapers - some of them looking suspiciously like free sector organisations. Advice from National Debtline is free and usually far better than from most debt management companies.

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