



ABCUL
Credit
Unions

Managing your Money

Budgeting and Dealing with Debt



Sometimes money does not seem to go very far. Working out how to manage your money is daunting. Changing your spending habits can help. Use the table inside this leaflet to work out where you spend your money.

Change your habits with the help of your credit union:

- *If you need to spend less, work out the areas you can cut back.*
- *Think also of where you would like to spend extra - a holiday or new car. It is important that you put money aside to have fun or you will never stick to your spending plan.*
- *Budget to save a little in your credit union account every month - and set goals for the year and for the long term.*
- *Even if you are paying back a credit union loan, you can still put a little aside into your credit union account each month.*

How it all adds up

A 50p can of soft drink each day equals £182.50 per year

An annual council tax bill of £1000 equals £19.23 per week

An annual gas bill of £400 equals £33.33 per month

Talk to your credit union about how we are different from other lenders

Use this table to work out where you spend your money

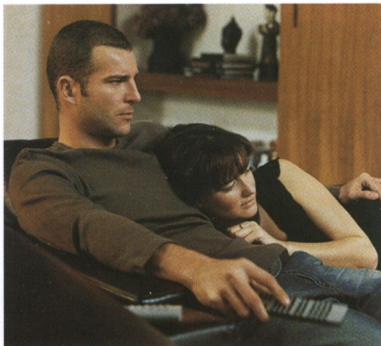
EXPENSES	Weekly	Monthly	Annual
Housing			
Rent/Mortgage			
Council Tax			
Insurance			
Gas/Electricity			
Water			
Telephone/TV/Internet			
Household			
Groceries/Cleaning/Toiletries			
Snacks/Lunches			
Clothing			
Transport			
Petrol			
Car Tax/Ins/Maintenance			
Bus/Train/Taxi			
Leisure			
Holiday			
Going Out			
Books/Magazines			
Keep Fit/Sport			
Other			
Child Care			
Prescriptions/Health/Dentist/Optician			
Alcohol/Tobacco			
Credit Card Payments			
Loan Repayments			
Other Expenses			
Total Expenses			
INCOME			
Wages/Salary/Benefits			
Interest/Dividends			
Other			
Total Income			
Minus Total Expenses			
INCOME - EXPENSES =			

If you are unable to manage your money, for whatever reason, you may get into debt. If you get into debt **DO NOT IGNORE IT**. If you ignore debt, then your problems will only increase. There are options.

What can I do to sort out my debts?

If you have a debt problem it is better to face up to it now and not allow the problem to get out of control.

- Work out your budget and decide how much you can afford each month to pay off your debts, putting your priority debts at the top of the list.
- Contact all your creditors as soon as possible. Explain the problem and that you intend to pay.
- Offer to pay off the debt at an amount you can afford. Most creditors know that this is exactly what a court would order, so they have little to gain by taking you to court.
- Cut out all unnecessary spending and cut up all your store cards and credit cards.
- Consider ways you might increase your income eg. working more hours, changing benefits.
- Speak to your credit union to see if they can help or refer you to a money advice agency.



What are Priority Debts?

Some debts are more important than others because the consequences of not paying them is severe. These debts are known as **Priority Debts**.

For example:

- If you fail to pay rent, you could be evicted.
- If you don't keep up with mortgage payments, your lender can force the sale of your home.
- If you don't pay your fuel bills your gas or electricity can be cut off.
- If you don't pay your council tax you can be sent to prison.
- If you don't pay court fines, you could be sent to prison.

Under no circumstances should you ignore Priority Debts. Make sure that you have money available to pay these first.

Are you claiming all the benefits you are entitled to?

Even if you are working you may still be entitled to benefits. To find out more go to www.direct.gov.uk.

Should I look for a consolidation loan to pay off my debts?

Be cautious. Some loan companies sound too good to be true but in reality the loans are over a long period of time and are often secured on property. This makes them expensive and you could pay back an extremely high amount of interest.

Speak to your credit union first to find a better solution. Your credit union can also help you to get in touch with others who may be able to help such as your local Citizens Advice Bureau or a money advice worker.

Borrowing from your credit union

Credit unions are co-operative savings and loans businesses owned and controlled by the people who save and borrow with them.

They offer loans for all types of purposes at an affordable interest rate.

Loans are very flexible - you can borrow small or large amounts over different periods.

The interest rate is fixed so your repayments always remain the same.

Interest is charged only on the reducing balance left to be repaid each month, not on the total amount borrowed.

There are no arrangement fees or set up fees.

There are no charges if you want to pay off the loan early.

You can also save with the credit union whilst you are repaying the loan. To find your nearest credit union contact the Association of British Credit Unions (ABCUL) **0161 832 3694** info@abcul.org www.abcul.coop

Where to go for advice

Remember - You don't have to pay for money advice. Many agencies do not charge for their assistance.

National Debtline - 0800 808 4000 www.nationaldebtline.co.uk

Citizens Advice Bureau - See phonebook for local branch
www.citizensadvice.org.uk

Consumer Credit Counselling Services - 0800 138 1111 www.cccs.co.uk

Please note that the laws governing credit and debt are different in Scotland. For further information contact any of the above or:

Money Advice Scotland - 0141 572 0237 www.moneyadvicescotland.org.uk



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