



## **Personal Budget Sheet: NOTES**

(Version 1.4)

These notes are designed to help you to fill in your Budget Sheet properly and understand some of the words used in it.

Filling in your Budget Sheet can help you:

- ✓ See how much money is coming in (*income*) to your home and how much is going out (*outgoings*)
- ✓ Make sure your basic needs are met, such as your home, fuel, food, clothes & transport
- ✓ Decide which of your outgoings are '*needs*' or '*wants*'
- ✓ Work out which of your outgoings and debts are more important and have more serious consequences if you don't pay (*priority*)
- ✓ See how much you can afford to pay people you owe money to (*creditors*)
- ✓ Plan for more expensive times of the year such as birthdays, holidays and Christmas
- ✓ Keep control of your finances

You should work out all your income and outgoings either on a weekly or monthly basis and keep it the same throughout the sheet. To change any figure from monthly to weekly, multiply the amount by 12 and divide it by 52.

### **1. INCOME**

This should include ALL the money coming in to your household.

For wages/salary use your take-home pay (after tax, National Insurance, etc.) here. If the amounts are different each week or month, average them over the last few weeks/months.

Remember to include any contributions you get from e.g. grown-up children, a lodger.

### **2. OUTGOINGS**

Try to be realistic about what you have to pay out – it's better to over-budget than underestimate what your outgoings are.

#### **Tips**

<b>Rent:</b>	Check if you're entitled to any Universal Credit <a href="http://www.gov.uk/apply-universal-credit">www.gov.uk/apply-universal-credit</a> <a href="http://www.entitledto.co.uk">www.entitledto.co.uk</a> (EPIC is not responsible for the content of any external websites)
<b>Council Tax:</b>	Check with your Council if you're entitled to Council Tax Support; ask the Council if you can pay weekly or over 12 months instead of 10
<b>Water Charges:</b>	Ask Severn Trent Water if you can pay weekly or monthly (tel. 03457 500500)
<b>Gas &amp; Electricity:</b>	Check with your supplier you're on the cheapest tariff; consider moving to a cheaper supplier; if you have a credit ('quarterly') meter, work out the cost of your bills over the year - divide by 52 if you're doing a weekly budget
<b>TV Licence:</b>	You can arrange to pay weekly/monthly by ringing TV Licensing on 03005 550286
<b>Food:</b>	You should include any meals at work and also school meals, if applicable

<b>Clothing:</b>	Include school uniforms, if applicable
<b>Home Insurance:</b>	EPIC only insures the structure, fixtures & fittings of your home; your belongings are NOT covered in the event of e.g. fire, theft & flood
<b>Entertainment:</b>	Include a reasonable amount for e.g. going out, cigarettes, pets; if you have satellite or cable TV, include the cost of subscription, but remember some creditors will regard these as luxuries and will ask you to cancel them
<b>Savings:</b>	Try to put some money aside for emergencies and special occasions (e.g. Christmas, children's birthdays, holidays)

### 3. Total **INCOME** minus Total **OUTGOINGS**

If you have more money coming in than going out, you can afford to save or to clear any debts. But if you have more going out than coming in, you need to look at your spending and think about where you can cut back. You should also look at ways of trying to maximise your income.

### MONEY FOR CREDITORS

If you do have some money left over and you have debts, the money should be distributed to your creditors. However, you need to understand which debts are **priority** and which are non-priority:

### 4. PRIORITY DEBTS

It is important that you tackle these debts first. Examples of priority debts and their possible consequences are:

<b>Priority Debt</b>		<b>Action</b>
<input type="checkbox"/> Rent Arrears	→	Loss of your Home
<input type="checkbox"/> Council Tax	→	Bailiffs/Imprisonment
<input type="checkbox"/> Gas/Electricity	→	Disconnection
<input type="checkbox"/> Magistrates Court fines	→	Bailiffs/Imprisonment
<input type="checkbox"/> Child maintenance	→	Bailiffs/Imprisonment
<input type="checkbox"/> Income Tax / VAT arrears	→	Court action/Imprisonment
<input type="checkbox"/> TV Licence	→	Criminal record

You may need help to deal with these debts. Some organisations can offer free advice and help – these include:



#### Citizens Advice

T: 03444 111 444  
W: [www.adviceguide.org.uk](http://www.adviceguide.org.uk)



#### National Debtline

T: 0808 808 4000  
W: [www.nationaldebtline.co.uk](http://www.nationaldebtline.co.uk)



#### StepChange

T: 0800 138 1111  
W: [www.stepchange.org](http://www.stepchange.org)

(details correct at time of press)

## 5. MONEY FOR OTHER DEBTS

If there is any money left over, you should then deal with your 'other debts'. Remember, these are **non**-priority and include:

- Bank overdrafts
- Unsecured loans
- Payday loans
- Credit card & store card accounts
- Catalogue arrears
- Student loans
- Money borrowed from friends or family
- Parking penalties issued by the council
- Non-essential goods bought on hire purchase (HP)

The term 'non-priority' means that these debts are less important than your priority debts. Whilst you will be liable to pay them back, non-priority creditors are limited in terms of what they can do if you don't pay.

You may need help dealing with these debts. Some organisations can offer free advice and help (see previous page).

## 6. OTHER DEBTS

In this section you can list your other (non-priority) debts and work out how much you can afford to pay towards them, after you have worked out and agreed how much to pay your priority creditors.

If you have no money available you should contact your creditors or get advice as soon as possible.

### **Tips for Getting Debt Free**

- ✓ Make a realistic budget and stick to it. After listing all your income and spending, look honestly where you can make savings.
- ✓ Stop using credit NOW - you'll never get rid of that debt if you keep adding to it.
- ✓ Pay your priority debts (rent, council tax, utilities, magistrates court fines, child maintenance) first. Don't pay whoever shouts loudest.
- ✓ Don't borrow money to pay off debt. Beware of lenders who knock on your door offering small loans – you could be paying back huge sums of interest.
- ✓ Think twice before you buy. Ask yourself:
  - ★ **Do I need it?**
  - ★ **Can I afford it?**
  - ★ **Will I use it?**
  - ★ **Is it worth it?**
  - ★ **Can I get it cheaper somewhere else?**
- ✓ [www.moneyline-uk.com](http://www.moneyline-uk.com) is one organisation which can offer affordable loans.
- ✓ If you think you have financial problems, don't panic or ignore the problem. Get FREE advice.