

## **HOW TO CONTROL YOUR MONEY**

Too much month at the end of the money? Many people are faced with the problem of running out of money before their next payday. This is usually because they don't take the time to organize their incomings and outgoings and end up wondering what happened to their money. There are solutions to help you control your finances which have helped me over the years and now I want to share them with you so you can learn to control your finances the easy way.

### **MAKE A LIST OF YOUR MONTHLY BILLS**

Monthly bills consist of things such as rent, electric, water, council tax and gas. These are bills that are usually the same amount every month. Make a list of all the bills you pay every month along with how much you are paying for each one. Now add up the figures so you know how much you are paying each month in total. If a bill ranges between two amounts, then write down the higher amount. For example, if you pay between £50 and £70 for electricity then write down £70. You can find the amounts by reading through your bills or bank statements.

Some Electric and Gas companies give you the option of paying a single monthly payment. This way they can monitor how much gas or electricity you are using and adjust your monthly payment accordingly. It is good if you take this option so you only need to add the extra money when they increase or decrease the direct debit. The companies don't mind you going into debt with your gas in the winter as your payments will reduce the debt in the summer months if you don't use your heating.

### **SET UP DIRECT DEBITS**

Direct debits allow companies to take the money direct from your account when the bill is due. Once you know how much you need to pay on bills each month you can leave that amount in your account or transfer the full amount to another account if you want to use a separate one for bills. Companies will inform you of any increases so you can adjust the amount you pay. If possible, choose the same day for the payment to come out if you are paid monthly, or the nearest day, which is useful if you have all your outgoings coming out of the same account.

Note: these companies can only take out what has been authorised so you don't have to worry about extra money being paid out. There are also times when they may take the payments 2-3 days earlier because of the direct debit date falling on a weekend or a bank holiday so make sure your money is in your account in advance. Call the companies you pay to set up direct debits. You can actually save money with the direct debit method as you get offered discounts.

### **MULTIPLE BANK ACCOUNTS**

Your bank allows you to open multiple current or checking accounts which you can use for various purposes such as spending and bills. Use one of your accounts for your monthly bills and set up your direct debits to come out of this account. Transfer the total amount of money you need to pay bills into this account once a month and

you'll know that the bills are sorted for the month. I would recommend that you add extra money onto the total so you don't have to worry about going overdrawn. It may also be a good idea to have a small overdraft on the account in case you need it.

You can also use an account for your general spending needs such as groceries and fuel. I recommend you have your salary transferred into this account - so after transferring the bill money everything left is yours to spend. You can also use this account as a savings account by letting your money stay in there and spending only what you need. Anything left over by Payday can be classed as savings.

If you prefer you can have a separate savings account where you can transfer a set monthly amount or have it done automatically via a standing order. Or you can manually transfer anything left over from last month. It is always recommend having some money saved in case you need it. You never know when there is going to be an emergency or a situation where you need extra money. You could choose an amount you can comfortably save and consider it a monthly bill.

## **SET SPENDING BUDGETS**

Sometimes we can be too reckless with money. Imagine walking into the store with the children in tow and they start adding things to the basket. Imagine seeing something on offer and grabbing as many as you can or picking up something you didn't really need but it was a bargain. After putting money aside for the bills, it is recommended you set yourself a spending budget. For example, you may only have £400 left for the month so you could limit yourself to £100 spending per week. Make sure you have the things you really need before you start spending and use the leftover for treats.

You can save money by focusing on the most important purchases for the week and buying certain things in bulk. Buying a six pack of baked beans might be cheaper than buying six separate cans. If you like to drink buy a few cans to drink at home and cut down your time in pubs and bars. If you use public transport, try buying a travel pass to save money on paying fares separately. Try taking a packed lunch to work. Basically, if you don't really need it then don't buy it.

## **PAYING DEBTS**

The longer you have a credit card or loan debt the more interest you pay. If you have debts then there are ways to keep them under control and save money.

1. If you have more than one credit card then consider a balance transfer. By transferring all your credit card balances onto one credit card you can get a lower interest rate and a lower monthly payment which will make it easier and faster to pay off.
2. Use any savings to pay towards the debt. This will save you money on interest payments and reduce the debt faster. If you have extra money then try and clear the smaller debts off first to get rid of them so you have extra money for the bigger debts.

3. Consider a consolidation loan from the bank. You can borrow enough to pay off all your other debts and just pay one set monthly payment by direct debit. By reducing the number of debt payments to one loan payment you can end up with extra money each month.
4. If you can't get a loan then consider an Individual Voluntary Arrangement (IVA). This allows the interest to be frozen on all your unsecured debts and you pay a set monthly amount as much as you can afford for five years. This doesn't apply to secured loans such as car finance.

I hope this article benefits you in some way. I have personally lost lots of money over the years through debt and reckless spending and I have finally sorted myself out. I have no debts and money in the bank. And I hope you get to this point too.