



Better Money Management Series

Guide to Money Saving Ideas

Essential reading for anybody wanting to handle money wisely

Published by Credit Action First published 1998 Written by KEITH TONDEUR

Credit Action is a national money education charity dedicated to helping educate individuals and families in all aspects of money management. www.creditaction.org.uk

MoneyBasics is another web site operated by **Credit Action** and is primarily aimed at helping people avoid the problems that over indebtedness can bring. www.moneybasics.co.uk

CCCS (Consumer Credit Counselling Service) is a charity dedicated to providing confidential, free counselling and money management assistance to financially distressed families and individuals. www.cccs.co.uk

CCCS Helpline 0800 138 1111

Because of the nature of this book, simplifications and generalisations have had to be made. Dealing with debt is often extremely complicated and therefore we cannot be held responsible for any action taken, or indeed not taken, by readers based solely on the contents of this book. Anyone facing serious debt problems must seek expert advice.

CONTENTS

Introduction

The Basics

Does this affect me?

Communication

Children

Practical Steps: Budgeting

Creating a realistic budget

Saving

Credit

Practical Ideas

Credit cards

Utilities

Taxes

Banks

Housing

Home improvement
Furniture
Having work done by professionals
Energy saving
Telephone
Around the home
Shopping
Cooking
Second-hand goods
Travel
Holidays
Children
Christmas and birthdays
Leisure
LETS
Hairdresser
Doctor
Legal advice
Conclusion
Notes

Introduction

Managing money and staying afloat can seem more like a lottery than a rational process. Whether it's 'keeping up with the Jones', buying the right 'look' or keeping the children quiet with the latest gimmick, we all know the pressure is on to spend, spend, spend! And it's so easy to justify our spending with 'pay nothing till April' and 0% finance offers and the carefree attitude of 'Oh, I'm sure you can afford it!' Saving seems a dirty word when spending money is so much fun!

On the other hand our sensible side nags us to be a little more responsible. Saving money can ease stress and we could all do with a little bit less of that. But getting into debt is all too easy and many of you reading this may already be teetering on the brink of the slippery slope or even sliding down it!

Believe it or not, saving money can be fun. Following these money saving ideas will be creative as well as fulfilling and at the end of the day you can be sure that the money you have is money you can enjoy. This book covers all the main areas of spending and gives some practical advice on how to be a real 'penny-pincher' and have fun whilst you're about it. There are tips on how to save money on everything from professional fees and holidays to cleaning materials and children's toys. Pick and choose at your leisure because there's something for everyone.

The Basics

This section is all about basic money management skills without which our other efforts to save money could be in vain. If high interest charges burn holes in our pockets and purses, then savings at the checkout will pale into insignificance. No amount of money savings skills can replace good money management skills. Spending money sensibly can become routine and easy within a framework of good budgeting.

Budgeting and staying out of debt is not just about saving money. It could save your health, your self-esteem, your marriage and even your life. The stakes are high where money problems are involved. 'Relate' has named debt and money worries as the prime cause of relationship breakdown in over 70% of cases. You're not alone if you're concerned about money, and if

you're in debt you're definitely not alone, although you may feel that way. If this applies to you seek advice immediately and call the Freephone helpline on **0800 138 1111**.

DOES THIS AFFECT ME?

You may be sitting there thinking well this is all very interesting but it doesn't really affect me. A recent article stated that the average British family is only three weeks away from bankruptcy! It went on to say, 'The average family has little or no money saved, a large amount of fixed monthly living expenses, an increasing amount of credit commitments and total dependence on next month's income to keep going'. Finding ways of saving money have never been so vital.

All too few of us know enough about our own finances. It may well be that we don't want to know because if we worked it all out we would find the bottom line very worrying. Lack of knowledge is an important indicator that we aren't in control of our finances and means we will almost certainly be wasting money.

COMMUNICATION

Communication is vital. If you're worrying about what you're spending, find someone you trust, maybe a friend or family member to talk to.

If you share finances with a partner or spouse the situation can be more complex. Even in good relationships money can easily be a source of conflict. New partnerships, and old, need to discuss spending priorities, joint bank accounts, and how to plan for the future, as well as day-to-day budgeting. It may be that credit commitments have been undertaken to provide the other with the lifestyle that he/she thinks their partner wants.

In a crisis there is a real danger that one partner takes control and can exclude the other party in all decisions taken. Resentments can also easily build up if one of you is watching every penny that the other spends. In the midst of all this it is easy to think that money is more important than your relationship. That's why it's vital to talk, to set attainable goals and work at them together, reconciling differences as they occur. Planning for future spending can save a lot of heartache and bring significant savings too!

CHILDREN

If you have children they need to be included in the discussions and understand what is happening. Discussing pocket money with your partner can avoid children playing off one parent against another. Making them live with limited amounts and teaching them about saving to buy something they want are good principles that will benefit them in later life. The satisfaction of buying a toy after months of saving will stay with them for some time.

PRACTICAL STEPS: BUDGETING

You may be thinking at this point that saving money seems like too much hard work but budgeting is something that we all do anyway to some extent or another. This section is just a way of making us budget more regularly and efficiently. Budgeting isn't just a juggling act, it can, and does, save us money for the following reasons:

1. It gives you an accurate picture of your financial situation. You will immediately notice where you can make savings or switch priorities.
2. It can help you make your money go further. Prioritising needs before wants makes sure that you get your finances in order before you buy non-essential goods.

3. Using your budget helps you to impose control over your spending and will prevent financial stresses.
4. It prevents you running up substantial debts and having to pay the interest, which is basically lost money.

CREATING A REALISTIC BUDGET

To be useful your budget must be accurate and honest. Keep a notebook with you to make a note of everything you spend for one month. You'll be amazed at how quickly small amounts spent on travel, snacks and newspapers etc. quickly add up. Use this information to help you fill in the sample budget below.

SAMPLE BUDGET

FINANCIAL STATEMENT			
Date prepared			
Name			
Address			
Number of adults in household		Number of children in household	
INCOME weekly/monthly			
	You	Partner	Total
Wages (after tax)			
Part-time job			
Child benefit			
Job Seeker's Allowance			
Disability and Sickness Benefit			
Pension			
Child Maintenance paid to you			
Rent or money from lodgers			
Other			
Other			
Total Household Income			
EXPENDITURE weekly/monthly			
PRIORITIES			Amount spent
Mortgage/Rent/Board			
2 nd Mortgage/Secured Loan			
Endowment Policy			
Child Maintenance Paid by You			
Council Tax			
Water Charges			
Electricity			
Gas			
Service Charges/Ground Rent			
Court Fines/County Court Judgements			
Vehicle Finance/Hire Purchase			
Television Licence			
Self Employed			
Income Tax			
National Insurance			
VAT			
LIVING COSTS			
Food and Housekeeping			

School Meals/Meals at Work	
Clothing/Footwear	
Vehicle Running Costs (Tax, Insurance, etc.)	
Petrol/Diesel	
Fares (Bus, Train, etc.)	
Telephone	
Rentals (TV, Video, etc.)	
Prescriptions/Dentist/Optician	
Childminder/Nursery	
School Costs	
Cigarettes/Alcohol	
Life Insurance/Pension/Investments	
Building/Contents Insurance	
Other	
TOTAL HOUSEHOLD COSTS (1)	
TOTAL HOUSEHOLD INCOME (2)	
TOTAL LEFT AFTER TAKING (1) FROM (2)	

Pay by instalments whenever possible as this helps you construct your budget around your monthly pay packet. If you're on benefits adapt your budget period accordingly. Most bills can be paid monthly and this is easy to arrange and means that you won't get a surprise bill. Try to pay them out at the beginning of the month so that you know how much you have left to live on for the rest of the month. Some companies give discounts if bills are paid regularly by direct debit.

Some costs, such as car repairs, are more difficult to work out and you will have to estimate with the help of old bills if possible.

Check that you are receiving all the benefits that you are entitled to. Only about 66% of those eligible for Working Families' Tax Credit (low income families) actually claim it. If you're unsure, make a visit to your local Benefits Agency or ring them up. Their number will be in the local phone book.

Now that you have all this information you can explore options to reduce expenditure in certain areas. Try to keep your spending disciplined and always use shopping lists to limit impulse purchases.

REMEMBER: PRIORITISE

Establish your priorities. If you have a partner do this exercise together, if not, ask a friend to look over it with you. Look at the things you need and the things you want and be sure that you can tell the difference!

Consider the fact that two meals out every month may mean that you will not be able to afford a holiday this year. Which do you want?

SAVING

Saving is always hard because there are so many things to spend money on NOW! But here are three good reasons to save:

1. Savings provide a cushion to enable you to meet the cost of unexpected events such as redundancy, major repairs or sudden illness.
2. Savings can be accumulated to enable you to buy a car, new furniture or other expensive items without having to resort to credit. That way you don't waste money.
3. Accumulated savings provide a resource for investing in your future or your children's futures.

Try and put aside a little each month into a savings account by way of direct deductions from your current account otherwise you'll forget deliberately or otherwise! The accumulated interest will be an extra bonus.

CREDIT

As well as differing risks, the different types of credit also have different interest rates. This table is a rough guide:

<i>Borrowing Table</i>	
If base rate were 5%	Other rates would be
Banks/Building Societies (arranged)	10%
Bank/Building Societies (not arranged)	30%
Credit Cards	10-20%
Store Cards	15-30%
Licensed Money Lenders Up to	Up to 100%
Unlicensed Money Lenders	Whatever they can get away with!

Credit can be useful if used wisely, but dangerous if you are unable to repay the loan. Unfortunately the less income and assets you have the more likely it is that you will be refused credit by licensed lenders. Unlicensed lenders can charge you a fortune in interest and get nasty if you can't repay the loan.

Tom's Case

Self-employed driver Tom (married to Mary) took out a £7,000 loan in desperation when three successive redundancies led to mortgage arrears on the couple's North Cumbrian semi. After failing to get credit from more conventional finance houses, Tom responded to an ad and agreed to variable interest payments totalling 43% over the year. On analysis the loan's repayment period of 15 years meant that Tom and Mary had agreed to repay over £33,000 on a loan of £7,000.

Missed payments can result in you being credit restricted by the Credit Reference Agencies. In effect this means that you would find it impossible to get new credit for six years. If at any point you really needed credit this could be extremely annoying. The motto surely is to use credit and not let credit use you. If you are going to use credit you can save significant sums by comparing interest rates (known as APRs) offered in different places.

SUMMARY

Armed with the skills of budgeting, a knowledge of credit and some sound principles for handling money, we can look further at how to save money on everyday living.

Practical Ideas

CREDIT CARDS

Try to pay all your credit card bills at the end of the month to avoid paying interest charges but if you can save up and buy with cash you will always save money.

UTILITIES

Some utilities offer a reduction on your bill if you pay by direct debit. This is worth checking out if you have a bank account. Others offer savings schemes whereby you pay a regular instalment of say £20 per month rather than facing large fuel bills in the winter and none in the summer. If your bills are fairly large you can set up your own building society account and pay the regular instalments into this to pay your bills quarterly. This way YOU get to keep the interest!

TAXES

It is sensible to arrange your financial affairs so that you pay as little tax as possible. It is important to ensure that you are making the most effective use of all relevant allowances. The Inland Revenue have a very good website (www.inlandrevenue.gov.uk) and also publish a wide range of leaflets which are easy to understand and are available free on request. Remember that any unnecessary delay in submitting your tax return will lead to a fine so make sure you don't miss the deadline.

BANKS

- Keep a check on your account to ensure that you don't go overdrawn and have to pay charges.
- Check your account for mistakes - they do happen.
- Try to get free banking where possible e.g. not paying an annual fee for credit cards.
- Try to get a free overdraft facility, if necessary.
- Call your bank immediately if you think you are going overdrawn and ask them to avoid charging you more.

HOUSING

Probably the biggest expense we have each month is our rent or mortgage. Of course, once the arrangement is in place there is little we can do to reduce the amount, but there are a number of ways that we can avoid the hidden extras:

- Building insurance is compulsory with a mortgage and should be covered by your landlord/lady or housing association if you're renting. If for some reason your property is damaged by, for example, a broken pipe you may be able to claim under this policy, but, as with any insurance, look out for the amount that you will have to pay anyway to make a claim. Does it make it worth it?
- You may not have thought about contents insurance but it is worth considering if you can afford it or, more to the point, can't afford not to have it.

You can obviously make your home more secure by taking a number of fairly cheap measures such as:

- Fitting window locks.
- Fitting a timer plug for when you're away or out to switch on a light and radio for example.
- Joining a neighbourhood watch scheme (free) or even setting one up in your area.
- Having a checklist by the front door. For example, Have I closed all windows? Have I locked the back door?

If you're renting there are a number of hidden extras that can emerge. When you receive a contract to sign check for the following points so that you know exactly what you are getting for your money. Does the monthly rent include:

- Water bills?
- Council tax?
- Necessary repairs to the property?

Other things to ask about are:

- Will the landlord/lady reimburse you if you decide to paint a couple of rooms?
- What were the previous tenants' average heating bills?
- How much notice do you need to give before you can move out WITHOUT losing any money?

Further points to consider:

- A potential problem can be getting your deposit returned when you leave. Make sure you know exactly what the requirements are, in writing, before you hand over your money. Make sure that you get a receipt for your deposit or ask your landlord/lady to record this and all your rent payments in a rent book, which YOU keep.
- Try to check around for noisy neighbours before you move in and if you've got children check out the safety of the local play area. If it's a block of flats with a shared garden can you see your children from the window?

Mortgages are far too complicated to discuss in a short booklet. Shop around and take a lot of advice before you decide which type of mortgage is most suitable for you.

- You will probably be stretched if your house costs more than three times your gross annual income.
- Your mortgage/rent should not exceed 35% of your monthly income.

HOME IMPROVEMENT

- If you are able to do any DIY work around the home it will usually save you money. Although frustrating at times the end result is often very fulfilling. There are lots of books available at your local library about DIY and decorating which will give you ideas and handy tips. Try to borrow paintbrushes and wallpapering equipment if possible as purchasing all the necessary bits and pieces soon adds up.
- If you move into a house that needs a lot of new carpets try to save money and create a lovely finish by checking if the original floorboards are decent. If they are, try sanding them down and varnishing them to create a lovely finish. Work out how much the materials and your time is worth before you embark on this. Remember that the room will also be colder with bare floorboards.
- Painting is cheaper than wallpaper and a lot easier and you can add stencils, pictures and borders to brighten up a wall. Wallpapering may last longer depending on how well you put it up!
- To strip old wallpaper; dampen it with warm water in which you have put a few drops of washing-up liquid. This is as good as using an expensive stripper.
- Grants from the council are available for some repairs and improvements on certain properties in specified circumstances. It's worth checking before you begin. Your local CAB or Housing Department will be able to send you details.
- The work on your house that will really save you money is the work you can't see: the coat of sealant, the wood protector, draught excluders etc.

FURNITURE

Furniture is a big expense and if you can buy second hand it's well worth it. There are lots of bargains to be found in second hand shops, car boot sales, etc. The local council may have details of local charities that distribute unwanted furniture - check whether you might be eligible.

- Buying unfinished wood furniture can save you money. Sand it down using progressively finer sand paper. Always sand with the grain of the wood and wrap the sandpaper around a block of wood so that it gives an even surface. Apply linseed oil with an old cloth and, when dry, polish with beeswax furniture polish. Alternatively you can paint it to match the colour scheme of your room.
- Scratches in furniture will probably disappear if treated with cod liver oil for 24 hours before polishing off.

HAVING WORK DONE BY PROFESSIONALS

When choosing a builder it is impossible to protect yourself fully against the possibility of something going wrong, but you can ensure the best possible results by remembering that most difficulties arise from insufficient details agreed as to the work, the price and the time schedule.

- Look for firms that advertise regularly.
- Ask a friend for a recommendation.
- Get several detailed quotes.
- Ask the firm how long they've been in business and what qualifications they have. (Check the importance of these at the library). Ask to speak to, or see, a satisfied customer. Ask if they sub-contract, work weekends, and how they want to be paid.
- Make sure you can communicate with them by getting phone details and names of senior staff.
- Make a detailed plan of work to be done and ask each firm quoting to break down their costs for you. You can then check them against each other and also get the best deal by pointing out poor deals or good deals.
- Seek written guarantees on the work wherever possible.
- Finally agree and confirm start and finish dates and ask for all the details in writing before work commences.

ENERGY SAVING

Over 25% of emissions come from domestic energy use - 40% if you include the car. Saving money on energy use in the home is therefore not just about saving you money, it's also about caring for the environment. Did you know that:

- The average family uses 380 litres (nearly 700 pints) of water a day?
- Japan recycles over 40% of its domestic waste, compared to fewer than 4% in the UK?
- The average household produces 5 kilograms of waste paper every week?

Draughts make you uncomfortable and lose you money so it's worth buying the essential materials to draught proof windows and doors - you only need plastic foam strips or rubber seals. Carpet trimmings also make great draught excluders: roll them up into a sausage shape and tie with coloured ribbon.

Lagging your hot water tank and pipes is also an effective way of saving energy. The Department of the Environment recommends that you fit a tank jacket that conforms to British Standard BS5615. Insulating pipework in unheated places (e.g. in the loft or under the

floorboards) means that the pipes are less likely to burst in the winter, as well as saving you money.

- A lot of new appliances now carry energy ratings. Compare the cost of running each appliance before you buy.
- Avoid tumble dryers if possible because they use a lot of electricity. Use an airer or clothes line instead.
- Use energy saving light bulbs and/or change 100W for 60W where appropriate - a 40% saving already!
- Turn your heating and water down a notch if possible. Put another jumper on if you're cold. If you have a timer on your central heating, in the winter set it for just before you get up.
- It's worth checking the circulating pump as it uses more electricity when running too fast and doesn't work effectively if it's too slow. Your regular service may include this check, or you should ask a heating engineer to carry it out for you.
- Changing your boiler may seem like going to extreme lengths to save energy, but changing from an old boiler to a modern system (an energy efficient gas condensing boiler) can save up to 20 to 30% on your bills.
- It may be worth turning the boiler off during the summer and using an immersion heater (and cheap rate electricity) to heat water. Set your thermostat at 60°C/140°F or less - this should heat water adequately.
- Try having your heating on constantly at a low temperature instead of on a timer coming on twice a day because in some houses with a condensation problem it may be cheaper and more efficient.
- It's so difficult to know just how much you save by following all these energy saving tips, so why not take a note of your meter reading at the start of each month and as you change your habits notice how the reading goes down!
- You can save a lot of money by insulating your loft if you own a house, or can persuade your landlord to buy the insulating material. It isn't too hard to do, but do take care not to stand on unboarded areas and do wear a facemask.
- A dimmer switch prolongs the life of standard bulbs and cuts the cost of electricity by up to 75%.
- Fluorescent tubes last 10 times longer than 100-watt bulbs and cost half as much to run.
- Just an average of 1°C increase adds 8% to an average heating bill.
- Block off any fireplaces not in use to save heat loss.

Many of the most energy-saving tips are the most obvious.

For example:

- Heat only the rooms that you use.
- Don't overfill a kettle.
- Always cook in the smallest possible pan on the smallest suitable ring at the lowest convenient temperature.
- Close outside doors and freezer doors quickly.
- Take a shower instead of a bath (a fifth of the water is used!).
- Turn off the TV and read a book instead or do all those things you say you've never got time to do!
- Defrosting a freezer twice a year means 10% less on running costs.
- An electric fire gives out more heat if the reflector at the back is shiny clean. Try putting silver foil behind a radiator to stop heat being absorbed by walls - it should save 15% on heating bills. A shelf over a radiator will ensure that more heat is reflected into the middle of the room rather than up.

- You may be eligible for a grant to carry out energy saving improvements. Visit the Warm Front Team website: www.warmfront.co.uk

TELEPHONE

- Remember: the longer the call the bigger the bill!
- Firstly, decide which will be the cheapest provider for you.
- Take advantage of any offers, which give you a reduction on your bills for numbers that you use most frequently.
- Don't have an answerphone unless you really need one. It means that you always phone people back and so it goes on to your bill. Dial 1471 instead to see who your last caller was and ring them back if you so wish.
- If you want to resist over-using your phone, you can have a line for incoming calls and outgoing 999 and operator calls only.

AROUND THE HOME

Cleaning

- You can wash J-cloths in the washing machine and re-use them.
- Cut sponges and scourers in half and rinse them weekly with a little vinegar and water to keep them fresh.
- Use old vests or T-shirts for cleaning cloths.
- Put a polythene bag over the head of squeezey sponge mops to prevent them drying out and cracking they will last a lot longer.
- Decant your washing up liquid: it works just as well at half strength and you don't waste so much.
- Avoid using washing up liquid on carpet stains. Detergents tend to leave a sticky residue, which attracts more dirt, and they may change the colour of the carpet.
- Regular and thorough vacuuming prolongs the life of your carpet as does taking your shoes off at the door!
- Washing windows with a little vinegar in the water makes the glass sparkle and in hot weather has the added benefit of keeping the flies away!
- A few drops of meths on a damp cloth will give a beautiful shine to mirrors. Polish afterwards with a soft dry cloth.
- Wash cake tins straight away and dry them in the oven this will stop them rusting.
- If you've got a really filthy old cooker take all the removable parts and put them in a dustbin bag adding two cups of household ammonia. Seal the bag and leave for several hours. You will find that the dirt is all loose at the end of this process, ready for you to hose it clean.
- To save a burnt pan, soak overnight in a strong solution of salty water then bring to the boil in the morning and the burnt food should come away easily.
- If grease is splashed onto wallpaper sprinkle with talcum powder which should absorb the grease.

In the garden

If you're fortunate enough to have a garden or small plot then you have a wonderful opportunity to save money by growing your own herbs, vegetables and fruit, whilst getting a lot of fulfilment from the whole exercise. There's something wonderful about eating a dinner, which you know you took nearly three months to prepare!

Meanwhile here are a few money saving tips.

- Protect your herbs and plants in pots from slugs by scattering broken eggshells around them.

- To protect plants against pests spray with a herbal 'tea' made by pouring 2 pints of boiling water over 2 handfuls of fresh stinging nettles, or basil or 4 crushed garlic cloves.
- To protect vegetables from pests, grow strong smelling herbs amongst them.
- Clear weeds from a path or patio by pouring boiling salted water over them.
- Egg boxes make good peat pots for starting plants. Yoghurt pots make good potting up pots for young plants: poke holes in the bottom with a skewer.
- Swap plant cuttings with friends.
- Cold tea makes good plant food. Tea leaves are great food for roses.
- Plant vegetables that are more expensive to buy. The seeds for dozens of lettuces will cost as much as one lettuce so it's well worth planting vegetables that you eat regularly.
- Recycle bath and washing up water for watering your plants.
- Make your own compost using vegetable peelings, old leaves and waste garden cuttings.

Recycling

- Re-use shopping bags as bin liners for small bins.
- Keep vegetable cuttings to make your own compost if you're a keen gardener.
- Unfortunately wasting paper seems to be part of our culture. Do you use paper scraps (old envelopes, etc.) for telephone messages or do you buy a lovely new pad?
- Cut the corner off old cereal packets to make excellent upright paper files.
- Use large old envelopes for filing: if they have clear address windows it is even easier to see what you have filed.
- Re-use old envelopes. Some charities sell sticky labels to do just this, so you can save money and help promote your favourite charity.
- Re-use foil dishes in the oven and freezer.

SHOPPING

Being a 'penny-pincher' can get you into trouble on occasions if you buy a so-called 'bargain' that doesn't last ten minutes! Shoes are a good example of where saving money in the shop can be of little use if the shoes fall apart two months later and your feet are covered with blisters! You may need to consider the following before you buy your 'bargain'.

- How important is quality?
- Will I receive a guarantee with this product (if applicable)?
- When buying clothes look at the type of material and seams to see how well made the garment is.

On the other hand compulsive shoppers beware! Do stop and think before you buy.

- Do I really need this item?
- Can I buy an article of the same, or similar, quality more cheaply elsewhere?
- Try waiting a week (well at least a couple of days!) and see if you still want to buy.

There are certain things that we do that make us spend more:

- Try to resist looking at any unsolicited mail. Almost certainly if you flick through a catalogue you didn't request, for example, your eyes are bound to alight on something you fancy!
- Reading magazines.
- Watching TV
- Owning a credit card

Even though they're obvious when you think about it, it's good to be aware of the pressures on us to part with our cash!

The key things when shopping are to assess your wants and your needs, value for money and being aware of the advertisers' hold on us.

Whilst those are the general principles for saving money here are some more down-to-earth ones:

- Learn to bargain (politely). You don't get it if you don't ask and you'll be surprised at how well you can do it! For example, hotels out of season sometimes offer discounts of up to 50% but often only if they are asked!
- Before making a large purchase (e.g. a TV or washing machine) flick through copies of "WHICH?" or other consumer guides at your local library, or research using the internet.
- Avoid 'interest free credit' offers if at all possible - you end up paying for the loan in some way or another. If you are purchasing goods in a shop advertising interest free credit remember that you're likely to be paying for someone else's credit somewhere in your bill. Shop around.
- Keep receipts, especially for large or valuable items. Register your product with the manufacturer if forms are enclosed with the product. If you are buying a fridge or freezer, for example, see if the shop offers insurance and try to get it thrown in for free.

Clothes

Clothes shopping is an expensive business and with changing fashions you can end up spending a fortune. Try to establish a basic colour scheme such as navy or black and buy contrasting colours so that you can mix and match. Women particularly can buy accessories such as scarves and hats that can totally change an outfit.

Factory and discount shops sell big labels at low prices. Look in your Yellow Pages to find the one nearest to you.

- Wash tights and other delicate clothes in a bag made from an old pillowcase.
- Wherever clothes are likely to wear spend five minutes when you first get them putting in a few stitches. If you cycle a lot you'll know what I mean -leggings particularly don't last five minutes! It's also worth re-sewing on buttons.
- Paint the thread over buttons with colourless nail varnish and they'll stay on much longer.
- Wash clothes at lower temperatures to save money and try to only do a wash when you have a full machine load.
- Buy clothes or fabrics that do not need dry cleaning if possible - think of how much it adds to their overall cost when you buy them!
- Keep sweaters looking good by using a gadget that de-fuzzes them. Often Sellotape works as well! If they have shrunk a little, wash them on low on a wool cycle and dry them away from heat, stretching them as often as possible as they dry.
- Seasonal clothes are cheaper bought out of season e.g. shorts in winter. Good quality clothing can often be bought at half its original price in end of season sales.
- Darn socks and never throw away clothes without removing the buttons.

Shoes

- Buy rubber soles and put them on your shoes to extend their life, preferably before they fall apart.
- You can freshen up suede shoes, gloves etc. by holding them over the kettle and then brushing them over.
- Smelly feet? Try bicarbonate of soda sprinkled in your shoes.
- Cover scuff marks with a felt tip pen.

Food Shopping

Despite frequent claims of price wars, British supermarkets make four times as much profit on a customer's weekly shopping basket as stores in the rest of Europe or in America. This means

that we have to be extremely careful when buying food. Food shopping takes up about 25% of the net disposable income of the average family and is probably the most flexible part of any budget. Supermarkets are not necessarily the cheapest places to shop and because of the choice of goods available we are often tempted to stray from our shopping list. Play them at their own game, remembering that the mark ups are high. As far as possible stick to your list, compare prices and hunt out the mark down bargains.

Make a list for six days and have left-overs on the seventh - it usually works! To get to the essentials on your list you're going to have to pass rows and rows of goodies and luxuries. My only advice is stick rigidly to the list and try to avoid going shopping when you are hungry the bakery smell can become totally irresistible. Here are some hints and tips:

- Plan a menu and from that make up your shopping list. This will help you to avoid waste. Try to plan your menu around your supermarket's current special offers. Go to the marked down counter first and see if anything there can be easily substituted for something on your list.
- Go shopping just before the shop closes to get marked down goods on their last sell-by date.
- If you have a freezer buy meat and frozen vegetable in bulk as they are cheaper. Remember to divide the meat up into meal size portions before you freeze it. Other bulk goods are only useful if they have a long sell-by date and you will use them.
- If you go with children teach them at an early age not to grab what they want and fill up your trolley! If at all possible avoid taking children shopping - they have octopus-like arms!
- Most own-label brands are cheaper and are usually just as good as the well-known labels.
- Don't buy ready-made meals: you're paying for someone else's labour.
- Compare the price of chicken pieces and a whole chicken per pound. Often the latter is cheaper and you can get several meals plus a stock from boiling the bones.

Of course there are other ways to save money on food.

- Is someone in your family regularly eating out or buying sandwiches when they could be taking a packed lunch?
- When buying short dated food it is probably better to consider the price and size for each serving. For example, if your children have a small appetite it is better to buy four small bananas rather than two big ones that would probably be left half eaten.
- Try to compare prices at a number of supermarkets maybe twice a year. If the travel costs are similar the savings may be substantial at a new supermarket for example.
- Lentils and pulses are easy to use, can be bought cheaply in bulk, last a long time and are very healthy and filling.
- Shopping at markets is an excellent way to support small businesses and be part of the local community. There are no end of bargains to pick up here. Vegetables are a really good buy at markets and greengrocers.

COOKING

Love it or hate it cooking just has to be done. Cooking your own food and avoiding pre-prepared meals can save you an enormous amount of money. Many delicious meals are very easy to make and once you have a repertoire of four or five dishes that you know well you'll have more confidence to experiment and vary your recipes according to what's on special offer.

Avoiding waste

Even though left overs can be heated up for a snack or added to tomorrow's dinner you may find the following measures for amounts per person helpful in avoiding waste:

Soup	250ml (1/2 pint)
Fish	125-175g (4-6 oz)
Meat without bone	175g (6 oz)
Meat with bone	225g (8 oz)
Green vegetables	125-175g (4-6 oz)
Potatoes	175-225g (6-8 oz)
Rice/pasta (main course)	50-75g (2-3 oz)

- Use a rolling pin to roll out the last remains from tubes of puree and other tubes.
- Crumble spare bits of bread and freeze along with a little grated cheese for a ready-made savoury topping. Add breadcrumbs or oats to mince to make it go further.
- When you buy large quantities of meat or fish, bag it up in individual or family size portions so that you don't have to defrost the lot you may end up wasting some of the excess. Alternatively cook it all and re-freeze portions for another day.
- Steam vegetables over a pan in which potatoes are boiling place them in a colander if you haven't got a steaming basket, and cover with a saucepan lid. (You can heat plates over saucepans too).
- When cooking baked potatoes in the oven put a skewer through them and they will cook quicker as the metal conducts the heat.
- Use a pressure cooker: they take a fraction of the time to make a good stew.
- Loose tea is cheaper than tea bags.
- Meats are expensive and small portions are perfectly adequate (vegetarian options are good too!) If you can't buy the best cuts you can tenderise meat by soaking it in water with a little vinegar or simply cook it longer in plenty of juices.

SECOND-HAND GOODS

Car boot sales and jumble sales are great for all sorts of items including tools, children's books, and games.

- If you really want to own a book and not just get it out of the library, try a second-hand bookshop - they're fascinating places!
- Avoid second-hand car seats if possible: they may have been in a crash and be unsafe.

Second-hand clothes

Think of the number of your clothes that have been worn once or twice but never again. Second-hand clothes can be a real bargain and, assuming they're not worn out when you buy them, you should get a lot of wear out of them.

Car Boot Sales

Save all your junk and take it down to the local car boot sale - they're great fun and you'll always make a bit of money as well as picking up bargains for yourself.

TRAVEL

Public Transport

Some councils offer special discounts if you are disabled or have been refused a driving licence on medical grounds. Check with your local council.

Get a return ticket or look out for special weekly 'saver' tickets.

Car Owners

Cars are so convenient but they are a major expense and on many occasions we could walk or use public transport more wisely.

Second-hand cars can be a nightmare if they're always breaking down, and your little bargain can cost you a lot of money in the end. When you need to get to work on time an unreliable but flashy old car suddenly loses its appeal!

If you have no option but to run an older, cheaper car but know very little about how it works, enrol on an evening class in basic car maintenance. Apart from being good fun you can get a lot of very expensive jobs done for free and learn quite a bit in the process.

- Walk, cycle or take public transport whenever you can. It not only saves you money it's good for the environment.
- Fill up your car at supermarkets and avoid petrol stations on motorways. Remember that for every 5p you save per litre your total saving can be over £2 just in filling up one tankful!
- Have your car serviced regularly - this often will save you money.
- Learn to check and fill up your own oil, water, etc.
- Shop around for your service and ask for a checklist of what they will do for the money. If you do your own regular check of oil, etc. tell the garage and ask for a reduction, as their costs should be lower.
- Check your tyre pressure regularly: tyres are expensive to replace if they are wearing unevenly. The car will also be more fuel-efficient if tyres are balanced and are at the correct pressure.
- If you own a second hand car, jump leads are a good investment because they could save you the cost of a garage tow and a lot of wasted time. You could also help someone else out, of course.

Shared Travel

Try sharing lifts to school, work or the shops. Regular journeys can save you a lot. If you work in a large company suggest that it can be organised firm wide to ensure safety, and give the company a good environmental image.

Purchasing a car

- New cars are estimated to lose 25% of their value the moment you drive them out of the showroom.
- It has been calculated that the cheapest way of buying a car is to buy one that is two years old (it will have depreciated between 40-50 per cent from its original value) and keep it for three years before trading it in.
- Cash is always an incentive to get a deal. Smile and try your best!
- Take a friend along who really knows what they're talking about.
- If you're buying from a dealer try and get your first service or 6 months road tax thrown in for free.
- Make sure that you check out the cost of the insurance before you buy the car.

HOLIDAYS

If money is really tight it's quite likely that you haven't had a holiday for a long time. There are some charities that offer help.

- Pearson's Holiday Fund is focused on children. Their address is: PO Box 3017, South Croydon CR2 9PN (Tel: 0208 657 3053).
- The Children's Country Holiday Fund may also be able to help: 42-43 Tanswell Street, Lower Marsh, London SE1 7RG (Tel: 0207 928 6522).

- If you are a single parent there is the Holiday Care Services, 2nd Floor Imperial Buildings, Victoria Road, Horley, Surrey RH6 7PZ which details cheap holidays and those that offer reductions for single parents.

Holidays abroad

If you can book your holiday right at the last minute, your local travel agents will be able to get you a great deal. Make sure though that you check where the accommodation is from the airport and how close it is to the beach or facilities, etc., otherwise you could end up paying for more than you bargained for.

- If you've got children, a safe swimming pool or beach can keep them amused for hours on end and so 'entertainment' shouldn't cost you too much.
- If you can face it a self-catering apartment could also save you a lot of money and shopping in the local market could be quite an experience. In many cultures bargaining won't just be a good idea but it will be expected! Join in and don't be afraid to start very low.
- Use local bus services rather than tour buses to get to your destination.
- Write to the city or area tourist board before you go. You'll get lots of information and you can plan your holiday cheaply and imaginatively.
- Find restaurants down the back streets where the locals eat, not the touristy ones where they charge more and you won't experience so much of the local culture.
- Overseas holidays out of season can be a great deal. If you've got children it may be possible to take them out of school for one week extra tagged on to half term for instance.

Holidays in the UK

Holidaying in the UK can be great fun. Travel can be cheap by coach if you're car-less as long as your final destination has good rail and bus links and has lots to do locally. All-in sites like Centre Parcs and Butlins can seem expensive on the face of it but remember your entertainment is included and off-peak you can get some great bargains. (However, make sure that you read the small print to find out exactly how much is free and how much is extra!).

CHILDREN

- Join a baby-sitting circle or help to set one up locally.
- Make up your own baby food by mashing up food or processing it. Ready-made jars of baby food are often expensive and unnecessary.
- Take sandwiches and your own drinks and snacks when you go to the park or on a day trip.
- Buy a good quality second-hand buggy rather than a new flimsy one and sell it when you no longer need it.
- Consider hiring your baby equipment if you only need it for a short period. For details call the Baby Equipment Hirers' Association on 020 8621 4378/ 0208537 0980.

Shoes

This is a major expense, made all the more problematic by peer pressure to have the right style or label. Get one pair of good leather shoes for just about everything and a cheap pair of trainers for the park, garden, etc.

Toys

Isn't it annoying when you spend a fortune on a child and they have more fun playing with the packaging than the toy itself? Children love to use their imagination and everyday items can be kept for children to use in being creative. For example, empty washing-up liquid bottles and drinks containers can make great shakers when filled with hard beans etc. (as long as they are securely fixed shut) and are perfect for children who like to make a lot of noise!

- Sometimes second-hand toys advertised in local papers can be a really good buy - go for the known brands so that you know what you are buying is safe, e.g. Lego, Playmobil, Fisher Price, etc.
- Some counties have toy libraries where you borrow toys for a week or two. It not only means that you save money but your child will have a variety of toys to play with. (Your local council will have details).
- Save scraps of material for craft projects.
- Save egg cartons, silver foil, cereal packets, boxes, bits of wood, etc. and make space stations, cookers, doll's houses, etc. which look great with a bit of paint or old wrapping paper to give them lots of colour. These toys may not be as safe as shop bought alternatives so do be careful as to what parts are detachable, chewable, etc!
- Children love dressing up so save old clothes, bits of jewellery, outdated dresses, shoes, etc. They will have lots of fun.
- Buy Christmas and other presents throughout the year picking up half price goods and bargains in the summer sales for example.

School Holidays

Find out if the local council runs a holiday scheme. Work out if the quality and cost make it worthwhile, remembering that if you don't work this is a great opportunity to spend time with your children.

Snacks

Younger children and teenagers love snacks (as do most adults for that matter!) Try making flapjack or other little cakes, which can be very quick and easy as well as being a lot cheaper than endless packets of crisps, sweets and chocolate bars. Your kids will enjoy helping and will learn a lot. If you're lucky they'll make them for you after a while!

CHRISTMAS AND BIRTHDAYS

- Save old Christmas cards and make gift tags out of them.
- Make your own Christmas cards buy some coloured paper and stick old Christmas card designs on the front or, if you're arty, design a picture or message and photocopy it onto the card or paper. Make sure you actually save money on this by checking out the price in the shops!
- Buy presents in the sales and keep a little store well in advance for birthdays and Christmas. You can get some great half-price toys for next Christmas in the summer sales. Alternatively, buy Christmas cards in January when they are often half price.
- Consider making presents. Keep pretty tins and containers and make homemade biscuits to put in them. Make jewellery from old beads and jumble sale finds or even use paper maché. Your local library should have a good book on this. Your family will always appreciate photos especially if you have them made into a calendar for example. Keep attractive bottles and fill them up with bath oil.

LEISURE

We all need time to relax and take our minds off the stresses of every day life. Listed below are some ways to save money without going to a lot of trouble.

Reading, Videos, Listening to Music

Use your local library: it's a lot cheaper than buying books and you can also rent CDs and videos very cheaply.

Cinema

Check out the cheapest mid-week programmes.

Saver Cards

Some councils offer saver cards for regular users of leisure facilities. These offers are usually automatically applicable to the unemployed and senior citizens.

Local Clubs

These are often cheap to join and are a good way to meet people who share your interests. All the information on local clubs is in your local library.

Day Trips

- Some rail companies offer train tickets that include the entrance price of a famous site or building - look out for offers at your local station.
- Consider membership of the National Trust, National Heritage etc. if you enjoy regular trips to stately homes etc. Look at how many of the places are accessible to you.
- Try to discover free museums in your locality. There's a lot to see and you probably won't cover much in one trip. Children's facilities are particularly good.
- Look out for local coach and bus company day trip offers.

Making the most of free services

- Your local library is a wealth of information and resources and can really help you to make the most of local events, facilities and services.
- The library may offer internet and computer services, printers and faxes, which can be very useful if you are applying for jobs.
- Some libraries offer special services for people with learning difficulties or special educational needs, which can save you a lot of money in terms of books, toys, etc.
- Use your local library to read the paper if you can't afford to buy it regularly. If you're job-hunting this can be very useful and gives you a good range of national and local papers as well as trade magazines containing job adverts.
- If you have bad eyesight the library has a good range of large print books.

LETS

LETS schemes are imaginative skills sharing groups that use tokens instead of money for currency. If you're on a low income it's a perfect way to exchange your skills for those of another person without money changing hands. In fact anyone on any income is encouraged to get involved and share skills for the benefit of others in the community. For details of a local LETS Scheme send a stamped addressed envelope together with five second class stamps to: LETSLINK UK, 12 Southcote Road, London N19 5BJ

Hairdresser

- Get your haircut at home - mobile hairdressers have fewer overheads so their charges are often much lower.
- Try out student hairdressers - they are always looking for volunteers.
- Try cutting your children's hair - you can get advice from books and videos in your local library.

Doctor

- When getting a prescription ensure that it is not cheaper off the shelf. Ask the chemist.
- Make sure you are getting your full entitlements to discounts or free prescriptions if you have a chronic illness.
- If you have a long-term illness consider buying an annual prescription certificate.

- Make sure children are getting free prescriptions.
- Mothers of children under one year old are entitled to free prescriptions and dental treatment.
- If you are on INCOME SUPPORT you are entitled to free prescriptions, dental care and eye care and you can get help with travel costs to hospital as well. If you are on a low income you may be able to help with all of these by filling out form AG1 available from the Benefits Agency, hospitals, dentists, doctors etc.

Legal Advice

Solicitors are expensive! However with careful planning there are ways of reducing the cost or avoiding it altogether. Don't forget your Citizens Advice Bureau (CAB) who will often be able to help you anyway, but who also sometimes arrange evening consultations with a solicitor who gives his or her time for free. Equally solicitors' practices will sometimes offer an initial free half hour interview.

Whilst some legal problems can be handled without a solicitor, most people feel that the Law and the Courts are strange places, for which they need expert help. If you are going to use a solicitor, don't forget legal aid. Always ask about this at the beginning of the first interview. Remember too that if you do not qualify at first, you may qualify part way through the case if your circumstances change.

Legal aid has been considerably restricted under the last government and there are no signs that this process will be reversed. If you do not qualify for legal aid, you will be employing your solicitor privately. Fees range from about £90 per hour upwards. You can negotiate the hourly rate with your solicitor, although they may well appear reluctant. Even better, you can shop around to get the best rate. Also it's important to remember that the hourly rate is not the only consideration: an experienced and knowledgeable solicitor (who will be more expensive) may be able to finish your case more quickly, more efficiently and perhaps more successfully.

It's vital to agree in advance with your solicitor exactly what he or she will do for you. Although it might be nice to have a progress report every other day this will massively increase the costs as a solicitor charges you for each letter or telephone call. They even charge for receiving your letters and phone calls. Such charges are frequently one tenth of the hourly rate. If they are charging you £120 per hour, a quick 3-minute call will cost you about £12 plus VAT.

Finally when the case is over and the final bill arrives, do not forget that it can still be challenged. In some cases the court itself will assess the bill and will frequently allow the solicitor considerably less than he or she wanted. In other cases the Law Society can be asked to provide a Remuneration Certificate, which again will judge how much the bill should be. Sometimes the expression of anger at the size of the bill and a threat to challenge the bill by either of these procedures will open the door to negotiation.

CONCLUSION

You probably wouldn't have bought this book if you weren't serious at all about saving money but nevertheless it may take you a while to implement some of the ideas. Why not make a quick checklist now of the best ideas for you and stick it up in the kitchen. With some of these ideas it is hard to see just how much money you are saving but where you can make a note of your savings per month, or week, and multiply it up to a year. The result can be quite encouraging!

As you save money you may like to literally put the equivalent into your savings jar or account for paying off those awkward and unexpected bills without the normal heartache that they cause!

Alternatively you may just be glad that your normal monthly budgeting crises have finally come to an end!

Whatever the case we trust that you have found this book helpful and that you can recommend some of the ideas to your friends.

Credit Action produces a number of other booklets, listed on the web site www.creditaction.org.uk, as well as running a debt advice line. If saving money isn't a choice but a necessity because of debt please contact the Consumer Credit Counselling Service helpline to talk this through: Freephone **0800 138 1111**.

Credit Action

The national independent charity promoting self-help in personal money matters to everyone.

No matter how much our income increases we never seem able to keep our spending in line. If we don't manage our money wisely we tend to drift along just hoping for the best.

If you are struggling to make ends meet, this booklet will help you with hundreds of sensible money-saving ideas that could make a significant difference to your family budget.

Other books in the Better Money Management Series:

- Employee's Guide
- Family's Guide
- Self-employed Guide
- Single Parent's Guide
- Student's Guide
- Young Single's Guide

© Credit Action 2005
Howard House
The Point
Weaver Road
Lincoln
LN6 3QN