

# Managing Money - Tips



Keep track of how much money you have coming in and how much you have to put aside for all your regular spending.

You may find it helpful to set up standing orders and direct debits to pay your bills. Arrange for payments to leave your account soon after your pay goes in.

Try to save some money each month as a general savings plan or to cover emergencies when they arise.

Make sure you look again at your budget each time there is a change in your income or any other change that might affect your finances.

For regular household shopping make a list of what you need – and stick to it.  
For personal shopping, know your spending limit – and stick to it.

Credit cards should only be used if you know that you can repay the full amount every month. Credit card debt is extremely expensive and can be some of the most expensive ways of borrowing money. Remember that paying the 'Minimum Payment' each month means you are charged full interest on all outstanding debt, and your debt will rise very quickly.

Remember that Catalogue companies charge similarly high rates of interest if the debt is not cleared within a month of purchase.

Be careful about buying goods on credit; the interest repayments can be high. You should also, be careful about interest free credit - it may seem a good deal but if you fail to repay the full amount before the end of the interest-free period, you could find yourself paying full interest, even if you are one day late on your payment.

Don't just run up an overdraft without talking to your bank, you will be charged for unauthorised overdrafts. Try to run your bank current account without an overdraft. Even authorised overdrafts carry interest charges. And any overdraft makes it almost impossible to set up regular payments like Standing Orders and Direct Debit.

Be careful about taking out any loans; make sure you understand all the terms and conditions. Most important know the difference between secured and unsecured lending. If you take out a secured loan, you are using your house as surety and may lose it if you cannot make the loan repayments. Be sure you can afford the payments for the whole term of the loan.

The following activities are very expensive ways of doing food and household shopping:-

- Daily purchases from convenience stores.
- Daily buying of take-out coffee, drinks and sandwiches.
- More than once a week buying take-out meals from Fish & Chip Shops and other exotic food outlets.

A take-out coffee twice a day adds up to about £1,300-£1,500 a year.

A single take-out coffee and filled roll each day will be at least £1,700 a year.

If you regularly buy breakfast and lunch from take-away shops it will cost between £2,000 and £3,000 per person.

Make your own breakfast and lunch most of the time. Use take-away outlets as a treat.

To view [Guide to APR](#), go to:  
Citizens Advice Guernsey website-A-Z Information–Money Advice.

If you find you are struggling to make ends meet, see [Dealing With Debt](#)

See our Jargon Buster below to help you understand all those terms.

## **Jargon Buster**

**AER** – Annual Effective Rate. This is the annual rate of interest on savings, taking into account how often the interest is added to your account. The higher the AER, the better the return.

**APR** – Annual Percentage Rate of charge. This is the overall cost of borrowing if you owe money on your credit card, loan or overdraft.

**Credit Check** – A search of your borrowing record, also known as your credit history. A bank or other organisation carries out a credit check on you when deciding whether to lend you money.

**Creditors** – People you owe money to.

**Direct Debit** – An instruction you give to your bank or building society to make regular payments to someone from your account. Unlike a standing order, you agree that the creditor can vary this amount each month.

**Fixed Rate** – An interest rate on your mortgage or savings account that is fixed (i.e. it doesn't move up or down) for a set period.

**Interest Rate** – The figure that sets how much interest you pay on a loan, or how much you receive if you put money into a saving account. The rate is usually linked to the Bank of England rate and can move up or down.

**Secured Loan** – When a loan is 'secured' on your home, it means the lender can repossess your home and sell it to get their money back if you don't keep up your payments.

**Standing Order** – An instruction you give to your bank or building society to make regular payments to someone from your account, for example to pay bills. Unlike a Direct Debit, the creditor cannot vary this amount – only you can.

**Unsecured Loan** – The loan is not linked to your home or any of your belongings, but you are still responsible for repaying it.

**Variable Interest Rate** – An interest rate on a loan or savings account that can change according to circumstances. For example, if the Bank of England bank rate changes, the loan interest rate will probably change.