

Borrowing from YOUR credit union

There are many advantages to borrowing from a credit union:

- Affordable loans for all purposes
- Flexible amounts and repayment periods
- Fixed interest rates
- Interest charged only on the reducing balance (not on the total amount borrowed)
- No set-up fees
- No penalty charges for paying off the loan early
- Opportunities to save while you are repaying the loan.

To find your nearest credit union

Contact the Association of British Credit Unions Ltd (ABCUL). ABCUL is the trade body for credit unions and a great source of information on all aspects of credit unions.

Tel: 0161 832 3694 info@abcul.org www.abcul.coop

Free advice is also available from:

National Debtline

Tel: 0800 808 4000 www.nationaldebtline.org

Citizens' Advice Bureau (see phonebook for local branch)

www.citizensadvice.org.uk

StepChange Debt Charity

Tel: 0800 138 1111 www.stepchange.org

In Scotland, contact any of the above or:

Money Advice Scotland

Tel: 0141 572 0237 www.moneyadvicescotland.org.uk

all about... **Budgeting and Dealing with Debt**

*Making it all
add up*



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Living within your means while saving a little is the gateway to affording the fun things you want. This leaflet explains how to get the budgeting habit – and how to deal with debt.

Start today!

Working out how to manage your money can be daunting, but the sooner you start the better. In the long run, good budgeting habits can free you from debt and help you afford the things you want.

Where do I begin?

- Look at your spending habits and change them if necessary.
- If you need to spend less, work out the areas you can cut back.
- Budget to save a little every month.
- Set goals for the year and for the long term.
- Put money aside to have fun.

How it all adds up

It's important to be realistic about your spending habits. Small value things can end up being costly over a year. Large bills can be easier to manage if you break them down. For example:

- 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.

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			
Car tax/insurance/maintenance/fuel			
Bus/train/taxi			
Leisure			
Holiday			
Going out			
Books/magazines			
Keep fit/sport			
Other			
Childcare			
Prescriptions/health/dentist/optician			
Alcohol/tobacco			
Other expenses			
Credit card payments			
Loan repayments			
Total expenses			
INCOME			
Wages/salary/benefits			
Interest/dividends			
Other			
Total income			
Minus total expenses			
INCOME – EXPENSES =			

Dealing with debt

If you are unable to manage your money, for whatever reason, you may get into debt. **DO NOT IGNORE IT.** If you ignore debt, your problems will only increase and may get out of control.

What to do if you get into debt

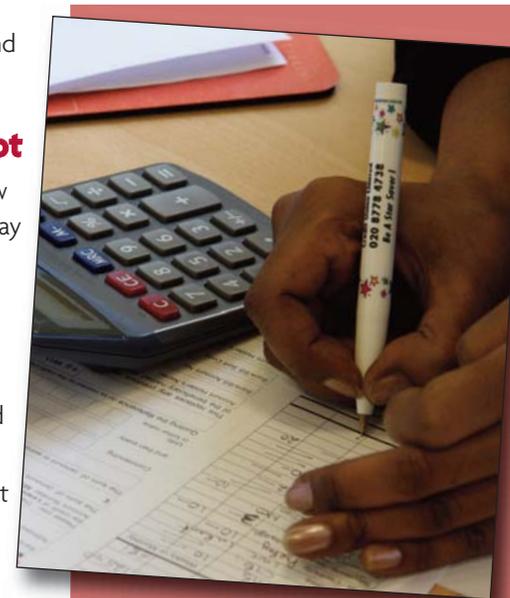
- Work out your budget and decide how much you can afford each month to pay off your debts.
- Prioritise your debts and pay the most pressing debts first.
- Contact all your creditors. Explain the problem and tell them that you intend to pay.
- Offer to pay off the debt at an amount you can afford.
- Cut out all unnecessary spending and cut up all your store cards and credit cards.
- Consider ways to increase your income.
- Don't struggle alone. Seek help from your credit union or other advice agency.

What are priority debts?

Some debts are more important than others because the **consequences of not paying them are severe.** For example:

- If you fail to pay rent, you could be evicted.
- If you fall behind with mortgage payments, you may lose your home.
- If you don't pay the fuel bills, your gas or electricity can be cut off.
- If you don't pay your council tax or court fines, you can be sent to prison.

Never ignore priority debts. Make sure that you have money available to pay them first.



Claiming benefits

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

Consolidation loans

Be cautious about consolidating all your debts into one loan. It may sound like a good deal, but often these loans can end up costing you much more in interest.

Speak to your credit union first to find a better solution.