

Managing your Money

PERSONAL BUDGET

To accurately calculate your budget you must first convert all figures into one consistent format, i.e. weekly or monthly, whichever suits you.

REMEMBER

Be realistic: include in your budget a small amount each week for leisure, put a little aside for contingencies and don't forget irregular expenses such as travel home for the holidays.

And how to cope if things go wrong!

Coming to University involves good planning and this is certainly true when it comes to making sure you have enough money to meet your essential outgoings as well as being able to enjoy University life. Following the steps below will show you how to budget effectively and how to deal with problems that may arise.

Creating your personal budget

1. The first step to take, whatever your financial circumstances, is to complete a personal budget (available from DSU Welfare or from our website).

Perhaps you receive your Student Loan termly but receive your wages monthly? Do you pay your phone bill monthly but your water bill quarterly? To accurately calculate your budget you must first convert all figures into one consistent format, i.e. weekly or monthly, whichever suits you. To do this, calculate a yearly total of each item of income or expenditure, and then divide this figure by the number of weeks or months you are budgeting for. Unless you are budgeting for the full 52-week

year, you will need to find out the length of your academic year as this does vary.

You may be unsure of the cost of bills you haven't yet received, particularly if you have just moved. The Welfare Centre can help to give you an approximation of average household expenditure, so try not to leave gaps in your budget.

Be realistic. Include in your budget a small amount each week for leisure, put a little aside for contingencies and don't forget irregular expenses such as travel home for the holidays.

2. The second step is to maximise your income.

This means checking that you are receiving everything you are entitled to. For example, you may be eligible for Benefits that you haven't claimed, or you may qualify for a bursary or grant. Make sure you claim any discounts where you can, e.g. on prescriptions. Most students are exempt from Council Tax, but others may be entitled to a discount or Council Tax Benefit. Not sure? Ask us! Welfare & Education Advisers can advise you of your entitlements and help with application forms.

Priority Debts	Potential Effects of Non-Payment
Rent/ Mortgage	Eviction / Repossession
Council Tax /Fines	Deductions direct from your income or seizure of property by bailiffs, potentially even imprisonment.
Electricity / Gas	Disconnection or switch to pre-payment meter at extra charge.
Hire Purchase	Repossession of the goods on loan.

Also, any debt subject to a Court Order has added powers of recovery if you default, such as bailiffs or a 'charge' on your home (if you are a homeowner).

Non-Priority Debts	Potential Effects of Non-Payment
Overdrafts Credit Cards Store Cards Catalogues Unsecured Loans Water Arrears Ex-tenant Debt	There may be some financial penalties e.g. compound interest or 'administrative charges,' but in order to enforce the debt a claim must first be issued i.e. a County Court Judgement (or CCJ). Other methods can only be used if CCJ payments are defaulted.

3. The third step is to prioritise your expenditure.

If there simply isn't enough money to cover all your expenses you may have to make choices about what you can and can't afford.

Your first priority should always be to your health and well-being, and you should ensure that your basic needs are being met. This means spending an adequate amount on food, housekeeping and heating. If you're not sure how much you should be spending, speak to a Welfare Adviser.

Your budget may highlight that you are spending more than you need to, for example, on household bills. You may be able to save money by switching utility/phone suppliers or changing to a more suitable scheme, so it's a good idea to compare providers.

Some utility companies have trusts that can award discretionary grants to households facing hardship. Ask the Welfare & Education Centre for details.

Prioritise your rent/mortgage payments over paying other bills/debts. If you fall into arrears you risk eviction/repossession. Although the legal procedures must be followed first, this can take effect quickly. The Welfare Centre can offer further advice on your rights and those of your landlord or mortgage lender. Seek advice as soon as you think there might be a problem.

Insurance is essential, especially

because 1 in 3 students become victims of crime (Source: <http://www.nus.org.uk/en/student-life/Freshers--Settling-In/Dont-be-a-victim-of-crime/>)

It is not advisable to save money by cancelling your insurance, but do shop around to get a good deal.

A TV Licence is another must-have as the penalty for operating a TV or other receiving/recording device without a licence is prosecution and a fine of up to £1000. Information for students is available at:

www.tvlicensing.co.uk

4. Finally, reschedule debt repayments. If you find yourself financially over-committed you may need to negotiate with your creditors. Keep reading for further information on how to do this.

Negotiating with your creditors

This section explains the process involved in restructuring your financial commitments in the most beneficial way possible. However, this is only a brief guide and it is always advisable to seek advice from the Welfare Centre before taking any action yourself.

Your budget (often called a financial statement) shows your income and expenditure. If the expenditure is more than the income, you should follow the

USEFUL CONTACTS:

DSU Welfare
 First Floor
 Campus Centre Building
 Mill Lane
 Leicester
 LE2 7DR
 Tel: 0116 257 6307
<http://www.demontfortstudents.com/welfare>

Opening Hours:

Mon – Wed: 9.30am-3.45pm
 Thurs: 9.30am-6.30pm
 (Term time)
 Thurs: 9.30pm-3.45pm
 (Vacation)
 Fri: 1pm-3.45pm

steps overleaf to look at ways of reducing your expenditure. If your excess expenditure is due to debt repayments, then seek advice to renegotiate your repayment programme.

All unsecured credit debts are 'non-priority' debts. 'Priority' debts are those that have additional powers of recovery and should always be paid preferentially.

If your budget shows that you have no money for non-priority debts, then you could offer a small 'token offer' such as £1.00 per month. This may be accepted temporarily. You will need to write to each creditor to explain your change of circumstance and enclose a copy of your budget to demonstrate that you *can* afford the payment offered, but no more.

THE WELFARE CENTRE CAN HELP YOU TO NEGOTIATE WITH YOUR CREDITORS BY WRITING ON YOUR BEHALF. ADVISERS CAN OFFER INFORMATION, ADVICE AND EVEN REPRESENTATION IN COURT.

If your budget shows that there is some money available for non-priority creditors, you should again write to put forward your offers, but the offers you make should now be calculated on a pro-rata basis. This means that the offers are proportionate to the total balance of each debt and are fair to all creditors.

To calculate pro-rata offers, divide the balance of each individual debt by the total debt and multiply this by the monthly amount available for creditors.

It is not usually advisable to pay some creditors but not others. However, if you feel there may be a good reason to do this, please check with an adviser first.

If your creditors ignore your letters or refuse to accept your offers, seek further advice. In most cases it is advisable to keep making the payments offered - regardless of whether the arrangement is agreed. However, there may be exceptions so get advice first.

If the above strategies would leave you making repayments for longer than 3 years, there may be more advantageous strategies to deal with your debt.

Make an appointment to see an adviser today.

For information about your credit rating, speak to an adviser or download National Debtline's factsheet at:

www.nationaldebtline.co.uk