

Making the most of your family budget



Help for what matters

 **Ulster Bank**



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ParentingNI

This booklet, produced in partnership with Parenting NI, provides practical money guidance for parents.

Ulster Bank
MoneySense

MoneySense is a financial education programme which Ulster Bank has developed to help people make informed decisions about their money and understand how financial products and services work.

Introduction

Parenting NI (formerly Parents Advice Centre) welcomes Ulster Bank's "Making the most of your family budget" booklet. As an organisation which has been supporting parents for 32 years, we are well aware of the need for parents to have a practical guide to manage their money. We know from the many issues we hear from parents through our Helpline, parenting courses and consultations with parents that there are increasing pressures on families. Parents want to have information at their fingertips which they can use to guide their children.

Parenting NI wishes to fully endorse this useful booklet and confidently recommends it to parents as a source of practical information.

Our congratulations to Ulster Bank for taking this initiative and for the production of a booklet which we believe will be used widely.

Pip Jaffa, OBE
Chief Executive, Parenting NI



Taking care of your family's future

Raising children is a lifelong investment in terms of love and care, but it's important to prepare for the long-term financial costs of raising a family too. Parents need to plan carefully to meet the challenges of managing the family finances, especially in these difficult times.

Top Tip

Even saving a small amount regularly can help you build an emergency fund for you and your family.

Raising a family in Northern Ireland isn't cheap. Childcare costs can be a big outlay for working parents, and even though education is free, you will still need to budget for school related expenses such as uniforms and essential equipment.

Other costs may include medical expenses, holidays, birthday and Christmas presents and eventually perhaps putting your child through a training course or third level college.

Taking all these likely expenses into account, no matter what your circumstances are, it makes sense to save even a small amount regularly and build up an emergency fund to help you cope with the extra costs – especially at back to school time. It also makes sense to check out any extra entitlements you may have as a parent – there's lots more information on these on page 8.

Parent's Tip

"Investigate local free facilities – playground, community centre etc."

Alan



Your money, your budget

Budgeting helps you to manage your money and reduce your debts. It puts you in control, so that you're better prepared for an emergency and helps you make the most of your money over the long term.

Creating a budget

To get started, it's a good idea to get all your information together – your wages/salary and any benefits you get, plus your yearly and monthly household bills. Add up your wages and benefits to get your total income. Then refer to your household bills and any bank, building society or credit union statements to note down all your costs. For yearly bills such as your TV licence, or occasional bills such as repairs or maintenance, just divide by 12 to get a monthly cost, or by 52 to get a weekly cost.

Keep a record of spending

Make sure you include the small things we all spend money on day to day - coffee or lunch on the move, bus fares, mobile phone top ups, the odd take-away, – the list depends on your lifestyle. It's a good idea to keep a record of your actual spending say over a week or even a month, then record it in your budget plan.

What you're aiming for now is to 'balance the books'. Is your income enough to cover everything you spend? If not, it's important to get back on track. Are there some costs you could cut back on? Or some extra ways to earn more income? Pages 10-11 may help get you started.

Decide your goals

Even if you are living within your means right now, it's a good idea to plan ahead. So, think about your goals. Have you some savings put by for an emergency? Do you owe money on your credit card that you want to clear in the next year? Are you planning to replace your car or do you need to carry out essential repairs on your home? Maybe there's a family expense coming up or a holiday you want but can't see where the money will come from.

Whatever your goal, use your budget to help you achieve it. Work out how much it will cost and then see if there are some items you could cut back on to save towards your goal.

Use the budget planner on page 10-11 to help you to create your family budget.

Cutting costs

Many families find it hard to live within their budget, and are actively looking at ways to cut costs. Think about your biggest expenses first and consider shopping around for better deals on your car or home insurance, your phone costs and other larger expenses.

For day to day spending, try to get the whole family involved – especially if your children are old enough to spend money themselves. Ask them to suggest things you could cut down on as a family so that you can make your money go further. If they feel involved in the decision, your children are more likely to help you succeed and become better money managers themselves in the process.

Here are some other examples of ways to make savings:

Save energy

Save on your utility bills by saving energy where possible:

- turn your heating down by one or two degrees
- turn off lights when you leave a room
- use energy-saving bulbs
- don't leave electrical appliances on stand-by

Check out www.energysavingtrust.org.uk, a website for more energy saving tips to help you cut costs.

Online buying and selling

Try buying online to get better deals on clothes, music, books and other items, including nearly new second-hand items such as electrical equipment, computers, bicycles and household goods. If you or your children have good quality items you no longer need, why not sell them online or in second hand shops to free up some cash?

Monitor your telecom costs

It makes sense to keep an eye on the costs of your fixed-line telephone rental, mobile phone package and broadband service. Think about using Skype to make free phone calls over the internet. Visit www.consumercouncil.org.uk to compare telecom costs and get the best deals.

Sign up for discounts

Most supermarkets have loyalty card schemes that offer money-off vouchers and deals to regular customers. Sign up for those and watch out for regular special offers for things your family need and buy regularly. Discount websites also have special offers, but do make sure you only buy what you need. Consider bulk buying food during special offers, and freeze to use later.

Review your finances

Whether you're with a bank, building society or credit union, check regularly to make sure you're getting the best rates on savings and lowest costs on loans. Visit www.moneyadvice.org.uk to help you compare costs across a range of common financial products – savings, current accounts, credit cards, home and car insurance.



Claiming your entitlements

As a parent, you may be entitled to a number of financial supports to help towards the cost of childcare and education.

Help with childcare

If you are working, you may be eligible for help towards childcare costs through the Working Tax Credit scheme and/or the Childcare Voucher scheme. The Childcare Voucher scheme is an employee benefit that allows you to exchange part of your wages for Childcare Vouchers. You do not have to pay income tax or National Insurance on the salary exchanged for vouchers, which could save you money.

If you choose to avail of vouchers, any amount of Working Tax Credit you receive for childcare will be reduced so always make sure you would be better off before accepting Childcare Vouchers.

Employers For Childcare Charitable Group provides a Childcare Benefits Advisory Service which involves carrying out personalised assessments to ensure that you are maximising the support available to you. Both

Tax Credits and the Childcare Voucher scheme can be worth thousands of pounds to household incomes, therefore it's important that you are claiming all of the potential support available. You can contact Childcare Benefits Advisors for free, impartial and confidential advice and information on **freephone number 0800 028 6538** or email **cba@employersforchildcare.org**.

Don't forget to claim your tax back

Whether you are an employee or self-employed, you should remember to claim back overpaid taxes. There are any number of ways you could be entitled to a tax rebate. For example, you might have paid too much tax through your job, had too much money deducted from your pension or you may have overpaid National Insurance contributions.

Claiming tax back is a relatively simple process. The easiest way is to check online at **www.hmrc.gov.uk/incometax/refund-reclaim.htm** to see if you qualify and then take it from there. Most, or all, of the process can now be completed online.

Rent a room

If you have enough space, you could boost your home income under the Government's Rent a Room scheme. This allows you to rent one or more rooms in your home and earn a substantial yearly amount tax free. Check out **nidirect.gov.uk** for more information.

Budget Planner

Income

| | |
|----------------------------------|----------|
| Wages/Salary | £ |
| Income Support | £ |
| Jobseeker's Allowance | £ |
| Employment and Support Allowance | £ |
| Child Benefit | £ |
| Tax Credits | £ |
| Disability Benefits | £ |
| Maintenance | £ |
| Pensions | £ |
| Savings interest | £ |
| Other | £ |
| | £ |
| | £ |
| | £ |
| | £ |
| | £ |
| | £ |
| Total income | £ |

Expenditure

Regular bills

| | |
|--------------------------------|---|
| Mortgage/Rent | £ |
| Rates | £ |
| Electricity | £ |
| Gas/Oil/Coal | £ |
| Telephone (mobiles, landlines) | £ |
| TV licence | £ |
| TV package (satellite, cable) | £ |
| Water | £ |
| Life insurance | £ |
| Buildings insurance | £ |
| Contents insurance | £ |
| Pet insurance | £ |
| Car insurance | £ |
| Car tax | £ |
| Household maintenance | £ |
| Care/home-help costs | £ |
| Other | £ |

Everyday costs

| | |
|---|---|
| Food/groceries | £ |
| Childcare | £ |
| Travel (petrol, bus fares, etc.) | £ |
| School costs (meals, uniforms, books etc.) | £ |
| Other | £ |

Occasional costs

(Work out the total annual cost and divide by 12 for monthly amounts, or by 52 for weekly amounts.)

| | |
|---|---|
| Birthdays | £ |
| Home repairs | £ |
| Car repairs/servicing/MOT | £ |
| Christmas, New Year etc | £ |
| Clothing/footwear | £ |
| Health costs (dentist, optician, chemist etc.) | £ |
| Holidays | £ |
| Other | £ |

Leisure

| | |
|--|---|
| Club membership | £ |
| Casual spending (cigarettes, sweets, etc.) | £ |
| Haircuts | £ |
| Hobbies/pets | £ |
| Socialising (pub, restaurant, cinema, etc.) | £ |
| Trips out | £ |
| Savings | £ |
| Other | £ |

Loans, credit cards, etc.

| | |
|-------------------------------------|---|
| Personal loan | £ |
| Car loan | £ |
| Credit union | £ |
| Credit card | £ |
| Store card | £ |
| Catalogue | £ |
| Hire purchase | £ |
| Money owed to friends and family | £ |
| Other | £ |

Total expenditure £

Total income less total expenditure £

- Remember not to mix monthly and weekly figures!
- Only write down what you actually spend – you do not have to complete every box. Add any items that are not listed under 'other'.

Top Tip

Make sure you and your partner agree how you'll manage family budgeting and money. Your children will get a more consistent message and won't try to play one off against the other.



Teaching your children about money

One of the most important skills you can teach your children is how to budget and manage money. Here are some guidelines you can use to help your children develop healthy attitudes to money.

Start early

As soon as your child can count, talk to them about money – how it's earned through working, that it buys things but runs out quickly if you spend too much. If they get money presents for birthdays or Christmas, encourage them to save in a piggy bank for something they need later in the year.

Pre-teens

By this stage children are ready to learn how to keep track of any money they get and how to spend it

wisely. Why not open a savings account for them, and encourage saving for a near-term goal? Encourage them to talk to you about their spending choices and help them to do a simple budget. Show them examples of what you're saving for – a family holiday, replacing the car, or paying for home improvements.

Teenagers

Help your teenagers to plan ahead and budget for their needs over a longer term – e.g. one year. Teens can be impulsive spenders, with lots of peer pressure at school. Let them make mistakes and feel what it's like to run out of money. Don't be tempted to rescue them – instead, suggest ways how they could earn more money through part-time or occasional jobs, or extra chores at home. Talk with them about their future goals, and help them to think through how they can forego spending now to afford the things they want longer term. Alert them to the costs of borrowing and the responsibilities it brings.

What about pocket money?

Once they are old enough to do regular household chores, many parents opt to give their children a small allowance in return for set duties. It can be a good way to help them manage money. The amount can vary depending on age, maturity and what you can afford, and it can help your child build a direct link between effort and earnings.

Top Tip

Opening a junior savings account at a bank, post office or your local credit union gets children used to the idea of saving for things they want.

Make it practical

Family life gives you lots of opportunities to teach good money habits. Here are some examples – you'll be able to think of lots more.

- **When shopping for food**, get your children to work out the unit costs of different packaging sizes – use the cost per lb to compare value and look at quality and sell-by dates
- **Teach basic cooking skills**, let them experiment and praise their efforts. It will help them see that home cooking saves money and can be more nutritious than convenience and take away foods
- **Involve them in planning meals** to use up leftovers and avoid waste
- **Discuss TV advertisements** - remind them if it sounds too good to be true it usually is
- **Tune them in to energy saving** - using water sparingly, turning off lights and appliances, re-using and recycling

Make it fun

If you have teenage children, chances are they already use the internet for lots of things. If you're online at home, why not introduce them to some fun ways to learn about money.

MoneySense is a free online resource for children aged 11 to 18. It uses video vox pops, case studies and quizzes that can help your children understand the

world of banking, saving, budgeting, borrowing and planning their future.

Many schools in Northern Ireland are already using MoneySense in the classroom. You can also use it to help your children make sensible choices about money and prepare them for their future lives as independent adults. Visit ulsterbank.co.uk/moneysense.



Planning for the unexpected

It can be hard to make time for future planning. But thinking ahead helps you to be better prepared for unexpected events and relieves the worry of leaving your family's future to chance. Here are some guidelines to help you prepare for the unexpected.

Pay down debt

Even a small extra payment each month off a personal loan or mortgage can help you save interest and pay off the loan sooner. As interest charged on loans is generally higher than you get from saving, it's an effective use of any money you can spare.

Build up a savings nest egg

Try to build up a small 'emergency' fund to cover unexpected expenses that might crop up, such as school trips, medical costs or car repairs.

Even a small amount set aside every week or month soon builds up. Look for a high-interest deposit account that lets you access your cash easily.

Apart from having a fund to cover emergencies, try to keep saving even small amounts regularly over the longer term. This gives you more choices in the future - for example to pay college or university fees.

Make or update your will

Many of us put off making a will, or forget to update the one we have. With children on board, you want to control how your property and other assets are distributed among the family should anything happen to you or your partner.

Contact a local solicitor to help you make a will, or read more about what's involved at www.adviceguide.org.uk, a website operated by the Citizens Advice Bureau.

Consider life cover

A life assurance policy pays out a lump sum to your dependants if you die within a certain time limit set out in the policy. It's a low cost way to protect your family and worth considering. The actual cost depends on the size of the lump sum you want to insure, how long you want cover for, your age, health and other factors.

Protect against a fall in income

Income protection (or permanent health) insurance pays out a regular, taxable income if you are unable to work due to disability, illness or injury. The benefit is paid out for a certain period of time and the cost of cover depends on the amount of benefit to be paid, your age and state of health.

A **serious illness policy** pays out a tax-free lump sum if you are diagnosed with one of the serious illnesses or disabilities that your policy covers. The cost depends on the size of the lump sum you want to insure, your age and state of health.

If you have no insurance or employee benefits that might cover your income in the event of illness, it's worth getting independent financial advice to understand what are your best options and what costs are involved in protecting your family.

There are plenty of comparison websites available for insurance products - www.biba.org.uk, the site of the British Insurance Brokers' Association is a good place to start.



Dealing with debt

It's very easy for debts to mount up with all the demands of family life. Even if you're managing money well, it takes little to throw your budget out – an unexpected expense, a family illness, losing your job and other unforeseen events.

If you find yourself falling behind with payments that were manageable before, it's tempting to ignore the problem. **But do remember, there's help available and you don't have to deal with it on your own.** The important thing is to take action. Contact your lenders and explain your circumstances – they will help you work out a repayment schedule that you can manage.

If you want to get independent advice first, contact your local www.citizenadvice.co.uk or any one of the agencies listed on page 20.

Manage debt with the following golden rules

- Don't panic or ignore the problem
- Get in touch with all your lenders straight away
- Work out reasonable offers of payment that you can afford
- Seek free independent money advice
- Don't borrow money to pay off debts or take out a loan secured on your home without first getting independent advice
- Work out a personal budget and stick to it
- Tackle priority debts first – mortgage and secured loans
- Check that you are claiming all the benefits and tax credits you are entitled to

Parent's Tip

"If you need help, reach out for it – there are free helplines out there"

Patricia



Useful Organisations

Parenting NI

Parenting NI (formerly Parents Advice Centre) has been providing help and support to parents facing any family difficulty since it was founded in 1979. The organisation has main offices in Belfast and Derry and operates clinics throughout Northern Ireland.

Parents Helpline Freephone: 0808 8010 722
www.parentingni.org

Citizens Advice Bureau

The service provides free, independent, confidential and impartial consumer advice to everyone on their rights and responsibilities.

www.citizensadvice.co.uk

Advice NI

This government-appointed limited company operates a network of free advice centres throughout Northern Ireland. It offers impartial advice on a range of money-related matters including tax credits and benefits.

Telephone: 028 9064 5919
www.adviceni.net
www.debtaction-ni.net

Department For Social Development

As part of its brief, this government department offers advice on many matters relating to entitlements and its Benefits Adviser service allows people to ask questions on an anonymous basis.

www.nidirect.gov.uk

Employers For Childcare Charitable Group

For free, impartial advice and information, including personalised assessments to ensure that parents are claiming potential support available to them, including help with childcare costs.

Telephone: 0800 028 6538
www.employersforchildcare.org

NI Energy Agency

For free advice and information on how to save energy.

Freephone: 0800 512 012
www.nienergyagency.org

housingadviceNI

This website, provided by the housing rights service, provides in-depth advice on all aspects of housing, including budgeting, mortgage and rent arrears and how to handle debt.

Freephone: 028 9024 5640
www.housingadviceni.org

Money Advice Service

Whatever your life stage, they offer clear, unbiased, money advice, information and interactive money planners to help you work out what's right for you.

Money Advice Line: 0300 500 5000
Typetalk 18001 0300 500 5000
www.moneyadvice.service.org.uk

The Consumer Council for Northern Ireland

An independent consumer organisation, working to bring about change to benefit Northern Ireland's consumers. Consumerline is a one stop shop offering free help and advice to Northern Ireland consumers.

Consumer Line 0300 123 6262
www.consumerline.org

Consumer Credit Counselling Service

This debt charity provides debt advice and services to people who are looking to resolve their financial issues.

Freephone 0800 138 1111
www.cccs.co.uk

Parent's Tip

“Create memories - they are often free - spend time with the children, make up games, go to the park, have a picnic - just as much fun as ‘clubs/camps’. Encourage pals, other parents and neighbours to join in”

Helen



Information in this booklet is correct as at October 2011.
The Parents' Tips are the recommendations of real parents,
some of whose names have been changed at their request.
These names do not relate to the photographs, which have
been sourced independently.

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