

10 TOP TIPS FOR CAREFREE SPENDING

by

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Life's no fun if you live in fear of opening your mail because you worry about another bill you can't pay. Money provides personal security as well a way of enjoying a certain lifestyle.

As a Life Coach, I see people whose lives are out of control because of poor financial management. There are those who have run into debt and hide unopened envelopes in drawers around the house trying to ignore the problem. There are those who are not in debt but who live a hand-to-mouth existence because they are poor financial planners or because they are reckless in their spending.

The following tips are aimed at helping you take control of your finances so you can enjoy carefree spending.

1. Track Your Spending

Track your spending habits for one month. Make a note of every single penny you spend. This will provide you with information of where your money is being spent. Many people are surprised at how much they spend on all sorts of non-essential items. Tracking your spending allows you to make decisions about whether you wish to continue spending at the same rate on the same things. For example, a small bottle of water can cost anything up to a £1.00 and it is easy to buy two or more bottles a day especially in the Summer months. That could be £14 a week or £56 a month - yet it costs only a few pence to use a home water filtering system refilling bottles on a daily basis. There's an old saying – *“take care of the pennies and the pounds will take care of themselves”*

2. Set Yourself a Proper Budget

Having tracked your spending you need to set yourself a realistic budget. A budget helps give you precise control over what you have to pay, how much you can save and how much you can spend. Once you have paid for all your necessities such as rent/ mortgage, bills, travel and the like, the remaining money is yours to do with as you please. However, the key to successful budgeting is to be realistic – if you are not then you won't

stick to your budget. For example, if you try to save too much and do not leave yourself enough weekly spending money for fun activities, you are likely to run up debts or have to take money out of what you have saved which is self-defeating.

3. Set up a Series of Savings Accounts

Set up a series of interest bearing accounts to cover all the items you want to save for: for example, holiday, clothes, Christmas, rainy day accounts etc. Organise a standing order to each so that the money is taken directly from your account on a monthly basis. This way you not only get interest on the money you save but also know how much money you have for each item.

4. Beware of Impulse Spending

For those of you that love to shop, you may find that this is one tip that could save you hundreds of pounds every year. Start using the "Need or Want" strategy. Before you spend anything, ask yourself, "Do I really NEED this item, or do I just WANT it?" You may find that many of the items you purchase were bought on impulse. Window shopping costs nothing and if you don't trust yourself to keep to this plan then only take

a small amount of money with you and leave your purse or wallet in a safe place. If you do see something that is a real bargain or that you really want you can always go back for your money.

5. Lower Credit Card Balances

Credit cards can be useful and only about 2% of the population ever get into problems using them. However, that's not much comfort if you are one of the 2%. Use your credit cards sensibly – use only one and choose the one that gives you the best deal in terms of monthly interest payments. Pay off your balance at the end of each month – the interest payments are a killer. The savings you make on major items such as fridges, cookers and the like when sales are on can be too good to miss and a credit card purchase can be an excellent way to benefit from just such a deal. Work out the saving you will make on the item and set this against the interest payment you might be paying over the period of time it will take you to pay the bill off and you will know how much you will really save.

6. Get the Right Mobile Phone Account

Mobile phones are a wonderful way to keep in contact but they can be a financial drain. Do your research and make sure you are on the right tariff to suit your needs. Get an account that gives you the cheapest text and call deals possible.

7. Set up Monthly Direct Debits for Your Regular Bills

Bills, like buses, seem to come together and can be a financial challenge. Rather than being hit with quarterly charges set up monthly direct debits for utilities such as gas, electricity, water, council tax and telephone. It can also be useful to pay as many other bills as possible on a monthly basis too. However, you do need to be careful with items such as insurance as these companies may penalise you for monthly payments by adding an interest payment that raises the total annual charge. In these cases it may be better to pay off the amount in one hit and if you have set up a monthly savings account even these bills can be dealt with pretty painlessly.

8. Buying in Bulk

Bulk buying saves you significant amounts of money over a year.

Whether you are a family, live in a shared house or simply club together with friends it can be cost effective to buy items such as household cleaning materials, paper-goods like toilet and kitchen rolls and a variety of frozen and packed foods and drinks in bulk form. If you are on a driving holiday in Europe check out the large supermarkets as you can find many non-perishable household items at a third of what we pay here in the UK.

9. Save the Planet and your Bank Balance

Take your gas or electricity bill for one quarter, implement the following savings and then compare your bill with the next quarter and you are likely to be really surprised at how such small changes can save you money.

Always put the plug in your basin or sink. Leaving hot water tanks running is akin to washing money down the plughole. Close your curtains at dusk to stop heat escaping through the windows. Always turn lights off when you leave a room and adjust your curtains or blinds to let in as

much light as possible during the day. Avoid leaving appliances on standby. Defrost your fridge regularly to keep it running efficiently. Always wash a full load and if you can't, use a half-load or economy programme, if your machine has one. Always use the low temperature programme bearing in mind that modern washing powders will be just as effective at lower temperatures. Don't put really wet clothes into a tumble dryer; wring them out or spin-dry them first. It's much faster and it will save you money. Heat the amount of water you need and if you're using an electric kettle, make sure you cover the elements. Jug-type kettles need less water as they have smaller elements.

Visit the National Energy Foundation's Website at www.natenergy.org.uk for more tips.

10. Finally: Review – Assess - Retry

Once you start implementing these tips and become more familiar with the money saving opportunities, take the time to review your progress. Assess what you have been doing and see if you need to revise some of your strategies.

Now that you've saved all this money mine's a Bacardi and Coke!

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