

5 step guide to watching the pennies

In these difficult economic times, it's more important than ever to stick to a budget. But how exactly do you go about fixing one in the first place?

1. Record what you spend...

Keep a diary of what you spend

➔ The best way of getting to grips with your finances is by keeping a diary to record every single penny you spend.

This can be in the form of:

- A notebook
- A spreadsheet
- An online record
- On your mobile phone

"Keeping a diary to record what you spend can make you more conscious of your purchases, so you are less likely to fritter cash away or run out of money before pay day. After a couple of months, you'll be able to review your spending and start setting budgets for the future"

Sally Waterfield, Head of Marketing at Foresters Friendly Society.

2. Break down your spending into three categories...

1 ESSENTIAL

➔ ✓ e.g. mortgage/rent, bills, food

2 IMPORTANT

➔ ! e.g. TV subscription, car costs, mobile phone, savings

3 LUXURY

➔ ? e.g. eating out, magazine subscriptions



3. Ditch the cards

Choose cash over credit cards

➔ If you want to be really disciplined and make your money work as hard as possible, then you should get rid of your credit cards in favour of cash, or ensure you pay your credit card balances off each month to avoid paying interest on purchases.

Set up a Direct Debit

➔ To make it easy to commit to your savings, set up a Direct Debit the day after pay day to a regular savings account or long-term investment plan. Good budgeting will allow you to put some money aside for long-term savings. Setting a budget is also about planning ahead to ensure you are financially stable for the future.

4. Divide your money into four

Once you have established categories for your money, you can analyse what is essential and what you have left over to play with each month. This amount should then be divided by four to show how much you can spend each week. Only using cash will make this budget easier to stick to.

You should be aiming to put some money aside into a regular savings plan from your monthly budget before you divide it into four. You should consider what you need to save for and how much you can afford to save each week or month to be able to include this in your budget.



5. Decide what money means to you

Financial Adviser turned psychologist Kim Stephenson, who runs the website www.tamingthepound.com, says “*It’s important that you have a clear view of what makes your life worthwhile*”. Are you chasing things because your friends and family have got them or because you really value them?

When looking to buy something new, stop and ask yourself if you really need it first; will it help you achieve your goals in life or are you just buying on impulse?



Financial Assistance

Foresters member benefits include discretionary grants to help with higher education, dental/optical care and convalescence assistance.

Find out more at
[www.forestersfriendlyociety.co.uk/
memberbenefits](http://www.forestersfriendlyociety.co.uk/memberbenefits)

Membership benefits
are not regulated.

Foresters Friendly Society

Foresters has been helping people take care of themselves and their families for over 180 years. Providing straightforward financial products backed by excellent customer service - we do more for you.

To find out about any of our products...



Call: 0800 783 4162



Email: memberservices@forestersfriendlyociety.co.uk

Visit: www.forestersfriendlyociety.co.uk

You'll find everything you need, including application details. Lines are open Monday to Friday, 9am to 5pm (excluding Bank Holidays).

Straightforward financial solutions with a human touch



Foresters Friendly Society is the trading name of The Ancient Order of Foresters Friendly Society Limited which is an Incorporated Friendly Society (Registration No. 511F) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Registration No. 110029).

This guide should not be considered to be advice. If you're unsure as to the suitability of any products you should seek advice from a Financial Adviser. You may have to pay for this advice.

297/2014/WTPG/06/14