

Cambridge
Money
Advice
Centre



breaking the hold of debt

Self Help Pack

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Contents

Page 3	Who we are
Page 4	How to plan a budget
Page 5	Budget Sheet
Page 7	What is a Financial Statement?
Page 8	How to work out your monthly figures
Page 10	Common Financial Statement Summary Sheet
Page 13	Examples of letters to Creditors
Page 17	Tips on making and saving money
Page 19	Useful Contacts

Who we are

In 2004 a small group of people met together with a vision to make a practical response to the growing problem of personal debt both in Cambridge and the country as a whole. This led to the establishment of MAC - The Cambridge Money Advice Centre.

At MAC we offer confidential advice about dealing with your debts regardless of your gender, colour, nationality, religion or sexual orientation.

All the trustees and advisers of MAC are Christians from various churches and denominations in Cambridge. As Christians, we believe that Jesus Christ came into the world to give us freedom and that includes freedom from the worry of debt.

We would be very happy to talk with you about the Christian faith we have and to give you a portion of the Bible, but we will not do so unless you ask us to.

The quality of advice we give you will not be affected by whether you ask us to discuss our faith or not.



How to plan a Budget

Where has it all gone?

How often do you find that by the end of the month you are feeling rather poor, or that a washing machine breakdown causes real financial hassle?

A budget may sound like a boring thing, but will actually help you to control your finances and to know where your money goes (yes, all those Costa coffees do add up!). It will also help you to plan for big things that you may need to save up for, such as holidays, a new car, or even a new member of the family!

How to do it.

Be honest with the figures you set - they have to be realistic or you will not be able to stick to them

How much money do you get each week / month?

This could be:

Your salary (after tax and National Insurance has been deducted)

Any pension money you receive

Any benefits you receive (including tax credits)

Any other income such as child support, rent from lodgers/family members

What do you spend it on?

Next you need to make a list of all the things you regularly spend money on. A good way to do this is to write down everything that you spend for a month or two. Following this sheet is a two page Budget Sheet, similar to the one we use when we meet with clients. It will give you some ideas of the things you need to include.

Don't forget that some expenses only come round once a year - for example, an MOT, your car tax and your TV licence. Look back to the last time you paid these, and see what the amount was (although be aware that it might go up next time you pay it). The easiest way to work out how much this would cost you per month is to divide the total amount by 12.

It is also helpful to set aside some money for birthdays and Christmas and any holidays you have planned - then the money is set aside for when you want it.

Make sure the important items are listed first and are always paid - your rent / mortgage, utility bills (gas, electric and water) and council tax.

Try to include some money for savings - it doesn't have to be a big amount, but you will be surprised by the end result if you regularly save.

Budget Sheet Page 1

Income Details		Weekly	Monthly	Notes
Salary/Wages				
01	Client's Salary/Wages			<i>take home</i>
02	Partner's Salary/Wages			<i>take home</i>
03	Other Income			
04a	TOTAL SALARY/WAGES	£ -	£ -	
Other Income				
05	Maintenance or Child Support			
06	Boarders or Lodgers			
07	Non-dependant contributions			
08	Student Loans and Grants			
09	Other Income			
09a	TOTAL OTHER INCOME	£ -	£ -	
Benefits				
10	Jobseekers Allowance			<i>income based</i>
11	Jobseekers Allowance			<i>contribution based</i>
12	Income Support			
13	Working Tax Credit			
14	Child Tax Credit			
15	Child Benefit			
16	Incapacity Benefit/Statutory Sick Pay			
17	Disability Living/Attendance Allowance			
18	Carer's Allowance			
19	Housing Benefit			
19 a	Council Tax Benefit			
20	Other			<i>e.g. maternity, etc.</i>
21a	TOTAL BENEFITS	£ -	£ -	
Pensions				
22	State Pension			
23	Private or Work Pension			
24	Pension Credit			
25	Other			
25a	TOTAL PENSIONS	£ -	£ -	
	TOTAL INCOME	£ -	£ -	
Expense Details				
Essential				
32	Rent			
33	Ground Rent & Service Charge			
34	Mortgage			
35	Other Secured Loans			
36	Mortgage Endowment & MPPI			
37	Building & Contents Insurance			
38	Pension & Life Insurance			
39	Council Tax			
40	Gas			
41	Electricity			
42	Water			
43	Other Fuel: Coal, Oil, Calor Gas			
44	TV Licence			
45	Magistrates Court Fines			
46	Maintenance or Child Support			
47	Hire Purchase/Conditional Sale			
48	Child Care Costs			
49	Adult Care Costs			
50	Other			
51	Other			
52a	TOTAL ESSENTIAL	£ -	£ -	

Budget Sheet Page 2

		Weekly	Monthly	Notes
Phone				
53	Home Phone			
54	Mobile Phone			
55	Other			
55a	TOTAL PHONE	£ -	£ -	

Travel				
56	Public Transport			<i>to work, school, shops</i>
57	Other			<i>e.g. taxis</i>
58	Car Insurance			
59	Road Tax			
60	Fuel			<i>Petrol, Diesel, Oil etc.</i>
61	MOT			
62	Breakdown or Recovery			
63	Parking Charges or Tolls			
64	Other car costs			<i>Services & Maintenance</i>
64a	TOTAL TRAVEL	£ -	£ -	

Housekeeping				
65	Food & Milk			
66	Cleaning & Toiletries			
67	Newspapers & Magazines			
68	Cigarettes & Tobacco			
69	Alcohol			
70	Laundry & Dry Cleaning			
71	Clothing & Footwear			
72	Nappies & Baby Items			
73	Pet Food			
74	Other			
74a	TOTAL HOUSEKEEPING	£ -	£ -	

Other Expenditure				
75	Health			<i>Dentist, Glasses, Prescriptions</i>
76	Repairs/House Maintenance			
77	Hairdressing/Haircuts			
78	Cable, Satellite, Internet			
79	TV, Video, other appliance rental			
80	School Meals & Meals at work			
81	Pocket Money & School Trips			
82	Lottery, Pools etc.			
83	Hobbies/Leisure/Sport			
84	Gifts			<i>Christmas, Birthdays, Charity</i>
85	Vet Bills & Pet Insurance			
86	Other			<i>e.g. postage</i>
87	Other			
87a	TOTAL OTHER EXPENDITURE	£ -	£ -	

TOTAL EXPENDITURE	£ -	£ -
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What is a Financial Statement?

When you contact creditors to arrange to repay your debts, they will often ask for a copy of your Financial Statement. This is an important document as it shows:

- ⤴ Your income
- ⤴ What your money is spent on - what you need each week or month
- ⤴ Who you owe money to
- ⤴ How much you owe and whether any other repayments have been agreed

The first two bullet points you should already be able to complete from the information on your budget sheet.



Here at MAC, we will work with you to put together a Financial Statement and will contact your creditors (those companies you owe money to) to negotiate repayments on your behalf.

However, you can do this by yourself if you wish and the following pages will tell you how.

We have also included two blank financial statements, one for you to practise on (we suggest you use a pencil, not a pen!) and one for your final copy.

How to work out your Monthly Figures

The new style Financial Statement (called a CFS - Common Financial Statement) uses figures worked out on a monthly basis. If you are paid weekly, you should multiply the weekly amount by 52 and then divide the answer by 12. This will give you the monthly equivalent.

It is very important to complete the top right section about the numbers of people and vehicles in your family. This helps others to assess whether you are spending the right amount for the size of family that you have.

Income

- ⤴ This is your take home pay - so after tax and NI has been deducted.
- ⤴ If you are self-employed, take an average of the wages you have received over the last three or four months.
- ⤴ Don't forget to include other types of income, such as benefits and pensions.

Expenses

The Financial Statement includes lots of things that you are probably regularly spending money on, so fill in as many of these as you can (your budget sheet will help you with this). If you pay some of these once a year, you should divide the amount you pay by 12 to work out how much per month you should set aside for these bills.

Remaining Income

This is how much you have left after you have allowed for all of your expenses.

Priority Debts

Some examples of these are listed on the Financial Statement, so fill in these if any are applicable.

You have to make payments to your priority debts; otherwise there can be very serious consequences. Usually you will agree an amount with them based on how much money you have left in your remaining income.

Disposable Income

Your disposable income is what you have left after necessary expenditure (what you need each month to live on) and you have set aside money to repay your priority debts on a monthly basis. It will tell you how much money you have left over to offer the non-priority creditors and you should share it between them based on how much you owe each one.

If you find you do not have any disposable income, check back through your monthly outgoings to see if there is anything you can cut back on. You should try to offer your creditors a monthly repayment, even if it is only £1.

If that is just not possible, you will need to contact your creditors, show them the Financial Statement, and tell them why you cannot make a payment.

Non-Priority Debts

These are the companies you owe money to who you have not already listed above. They include credit cards, unsecured loans, your overdraft, catalogues, store cards, water bills, telephone and any hire purchase agreements which are in arrears.

Offer to Non-Priority Creditors

The offer you make to each creditor is dependent on how much you owe to them. So, if you owe £5000 to a credit card company and £200 to a store card company, you will pay more per month to the credit card company.

The way to work this out is as follows (and it is easier than it looks!):

Take your **Disposable Income** figure (see above) £_____ A

Add up the total amount owed to the non-priority creditors £_____ B

Take the amount you owe to the first creditor £_____ C

And now for the maths part! *Divide C by B. Then multiply your answer by A.* This is the amount you should offer to your first creditor.

Then repeat the process for your other creditors. The way to check you have done this correctly is to add up all your offers at the end. The total offers should be the same as the amount of disposable income you have.

If you need help working out how much to offer each creditor, please contact us and we will be happy to go through the figures with you.

Common Financial Statement

Name:
Address:

Number of adults in household:
Number of vehicles in household:
Dependant children under 14:
Dependant children over 14:

Monthly Income	<u>Amount £</u>
Monthly Total Salary / Wages	
Monthly Total Other Income	
Monthly Total Benefits	
Monthly Total Pensions	

Monthly Total Income £

Monthly Expenditure	<u>Amount £</u>
Rent	
Ground Rent & Service Charges	
Mortgage	
Other Secured Loans	
Mortgage Endowment & MPPI	
Buildings & Contents Insurance	
Pension and Life Insurance	
Council Tax	
Gas	
Electricity	
Water	
Other Utilities (coal, oil, calor gas)	
TV Licence	
Magistrates' Court Fines	
Maintenance or Child Support	
Hire Purchase / Conditional Sale	
Childcare Costs	
Adult Care Costs	
Other	
Other	
Other	
Monthly Total Phone	
Monthly Total Travel	
Monthly Total Housekeeping	
Monthly Total Other Expenditure	

Monthly Total Expenditure £

Remaining Income £

(Total Income – Total Expenditure)

Priority Debts	<u>Amount Owed £</u>	<u>Offer Amount £</u>
Rent Arrears		
Mortgage Arrears		
Other Secured Loans		
Magistrates' Court Fines		
Council Tax		
Maintenance or Child Support		
Gas		
Electricity		
Hire Purchase / Conditional Sale		
Other		
Other		

Total Priority Debts £ £

Disposable Income £ £

(Remaining income – Priority Debt Repayments)

Non-Priority Debts	<u>Amount Owed £</u>	<u>Offer Amount £</u>
Credit Card		
Catalogue		
Water Arrears		
Unsecured loan		
Bank overdraft		
Other		

Total Owed £

Total Offered £

<p>This is an accurate record of my financial position</p> <p>Signed:</p> <p>Date:</p>

Common Financial Statement

Name:
Address:

Number of adults in household:
Number of vehicles in household:
Dependant children under 14:
Dependant children over 14:

	Amount £
Monthly Income	
Monthly Total Salary / Wages	
Monthly Total Other Income	
Monthly Total Benefits	
Monthly Total Pensions	

Monthly Total Income £

	Amount £
Monthly Expenditure	
Rent	
Ground Rent & Service Charges	
Mortgage	
Other Secured Loans	
Mortgage Endowment & MPPI	
Buildings & Contents Insurance	
Pension and Life Insurance	
Council Tax	
Gas	
Electricity	
Water	
Other Utilities (coal, oil, calor gas)	
TV Licence	
Magistrates' Court Fines	
Maintenance or Child Support	
Hire Purchase / Conditional Sale	
Childcare Costs	
Adult Care Costs	
Other	
Other	
Other	
Monthly Total Phone	
Monthly Total Travel	
Monthly Total Housekeeping	
Monthly Total Other Expenditure	

Monthly Total Expenditure £

Remaining Income £

(Total Income – Total Expenditure)

	Amount Owed £	Offer Amount £
Priority Debts		
Rent Arrears		
Mortgage Arrears		
Other Secured Loans		
Magistrates' Court Fines		
Council Tax		
Maintenance or Child Support		
Gas		
Electricity		
Hire Purchase / Conditional Sale		
Other		
Other		

Total Priority Debts £ £

Disposable Income £ £

(Remaining income – Priority Debt Repayments)

	Amount Owed £	Offer Amount £
Non-Priority Debts		
Credit Card		
Catalogue		
Water Arrears		
Unsecured loan		
Bank overdraft		
Other		

Total Owed £

Total Offered £

This is an accurate record of my financial position
Signed:
Date:

Your address
Address
Address
Postcode

Date

Creditor's name
Creditor's address
Address
Address
Postcode

Your ref: *Creditor's reference* goes here
(Usually an account number and can be found on any letters/statements they have sent you)

Dear Sir / Madam

I am writing to you because I am having trouble making payments to you as agreed in my contract. I am currently making a full assessment of my financial situation and would be grateful if you could send me details of the balance outstanding.

My current financial difficulties are due to:

Once you have replied, I will write to you enclosing a Financial Statement and will make an offer of repayment to you.

Please could I respectfully request that you suspend interest and any charges on my account, so that I can make better progress in paying off the debt?

Thank you for your help in this matter and I look forward to hearing from you.

Yours faithfully

Your name

First Letter to Creditor

Your address
Address
Address
Postcode

Date

Creditor's name
Creditor's address
Address
Address
Postcode

Your ref: *Creditor's reference* goes here
(Usually an account number and can be found on any letters/statements they have sent you)

Dear Sir / Madam

Further to my previous letter, I am writing to inform you I have assessed my finances and have completed a Financial Statement, which I enclose.

From this you can see that I am able to make a payment of £*** per week/month.

Please could I respectfully request that you suspend interest and any charges on my account, so that I can make better progress in paying off the debt?

If my situation changes, I will contact you to revise the amount I am able to repay each week/month.

Thank you for your help in this matter and I look forward to hearing from you.

Yours faithfully,

Your name

Enc: Financial Statement

Your name
Your address
Address
Address
Postcode

Date

Creditor's name
Creditor's address
Address
Address
Postcode

Your ref: *Creditor's reference* goes here
(Usually an account number and can be found on any letters/statements they have sent you)

Dear Sir / Madam

Further to my previous letter, please find enclosed a Financial Statement, which I have completed and which shows my financial situation.

As you can see from the enclosed Statement, at this time I have no available income with which to address my debt to you.

Please could I respectfully request that you place my account on hold for three months, when I will re-assess my financial situation? Could you please also agree to suspend interest and any charges on my account, to prevent the balance from becoming any bigger?

Thank you for your help in this matter and I look forward to hearing from you.

Yours faithfully

Your name

Tips on making and saving money

- ⤴ If you don't use your driveway or garage, consider renting it out. Try www.parkatmyhouse.com or www.yourparkingspace.co.uk for more information.
- ⤴ If you can play a musical instrument or speak a foreign language, have you thought about teaching others? Hourly rates for home tutors are usually very good.
- ⤴ Become a secret shopper. There are websites that you can register on, such as www.secretwebshopper.com and www.mystery-shoppers.co.uk and you are sent out to try things like restaurants and entertainment venues and to report on the service you receive. Usually you will be compensated for your time, and sometimes you can earn extra too in cash, or money-off vouchers.
- ⤴ For haircuts and beauty treatments, why not try your local college? Their beauty departments are usually on the look out for models and you will find that their services are cheap or free.
- ⤴ Think about car sharing with people who live and work near to you. That way, you can share the petrol costs, and if you take it in turns, people get to have a break from driving every now and then.
- ⤴ Before you go food shopping, write a list, and only buy what is on it! It sounds simple, but a great deal in the supermarket will still mean that you spent money you weren't intending to, and that soon adds up when you have a trolley-full of goods.
- ⤴ Plan your week's meals in advance, so you have plenty of food. Being hungry and having nothing to hand leads to snacking and ready meals, neither of which is cheap.
- ⤴ Save by using supermarket own-brands. Try different products and see which of them your family could use instead of the famous-name equivalents. For example, you can very easily save on bread, tinned goods and breakfast cereals.



- ⤴ Look at the way you use things in your household. Do you put the dishwasher or washing machine on when it is only half-full? Only using these appliances when they are full will save you money on energy bills and the amount of detergent you use. It may also be cheaper to use these appliances overnight.
- ⤴ Switch off the light when you leave the room. Sounds daft I know, but this will have an effect on your electricity bill!
- ⤴ Shop around for deals on electricity and gas suppliers. It is often cheaper to use the same supplier for both.
- ⤴ Transfer your credit card balance to one with a lower rate, or 0% period, or one which gives you cash back.
- ⤴ Have a clear out. Do you have any items which you could sell? Consider boot fairs, e-bay, gumtree or even local auction houses if you find something that might be of value.
- ⤴ When buying a large item, do not be afraid to ask for a discount. Also use the sales when you know you need to buy a big item that is not urgent.
- ⤴ Don't miss payment dates on credit and store cards, or you will be charged. Make the minimum payment only if you can't afford to repay more, as the longer you owe money on a card, the more you will end up paying back.

Useful Contacts

If you are in debt and would like help, please give us a call:
Cambridge Money Advice Centre (MAC) - 01223 727455
Barnwell Baptist Church, Howard Road, Cambridge, CB5 8QS
office.mac.cambridge@gmail.com
www.cambridgemoneyadvicecentre.org.uk

Websites containing offers and deals:

www.hotukdeals.com

Shares tips on which shops and websites have current offers and special deals.

www.find-dvd.co.uk or www.find-book.co.uk

These are price comparison websites, to help you find the cheapest deal online.

www.appliancesdirect.co.uk

Sells appliances at trade prices (often with good discounts) to the public.

www.freecycle.org

A great site for finding a huge range of household items being offered for free - be prepared to arrange your own collection.

www.magicfreebiesuk.co.uk

Freebies, offers and vouchers - also samples and competitions.

www.groupon.co.uk

A site offering vouchers for products and services as well as regular special offers.

www.lovefoodhatewaste.com

Great recipe ideas for using up leftovers.

Other useful websites:

www.Turn2us.org.uk

An online calculator to see if you are entitled to any benefits.

www.justice.gov.uk

The Government's portal for the Court service with information on court processes and forms for you to print out, together with guides explaining them.

www.creditaction.org.uk

Allows you to fill out a Financial Statement (like the one in this pack) online and provides general debt advice. You can also call them for advice on 01522 699777.

www.moneybasics.co.uk

Run by Credit Action, this website contains lots of general financial information.

www.moneysavingexpert.com

A good website for the best deals on credit cards, utilities, phones, insurance and mortgages. There are also vouchers for a wide range of goods and services.

www.hmrc.gov.uk

The website for H M Revenue (Tax) and Customs.

www.dwp.gov.uk

The website for the Department of Work and Pensions.

www.gov.uk

A comprehensive website with information about housing, money, tax, benefits and pensions.

Addresses of local organisations:

Cambridge City Council (General Enquiries including benefits and council tax):
Mandela House, 4 Regent Street, Cambridge, CB2 1BY 01223 457000

Cambridge City Council Housing Support Services: 0800 1105 765 (Freephone)
City Homes South: 0800 731 4878 (Freephone)
City Homes North: 0800 731 5030 (Freephone)

Cambridge & District Citizens' Advice Bureau:
66 Devonshire Road, Cambridge CB1 2BL - Adviceline: 0844 848 7979

Local Credit Unions:

Cambridge City Credit Union: www.cambridgecreditunion.org.uk

Cambridge Rainbow Saver Credit Union: www.rainbowsaver.co.uk

National organisations:

National Debtline 0808 808 4000 www.nationaldebtline.co.uk

Money Advice Service 0300 500 5000 www.moneyadviceservice.org.uk

Office of Fair Trading 08457 224499 www.offt.gov.uk

Financial Ombudsman 0800 023 4567 www.financial-ombudsman.org.uk

StepChange Debt Charity is the new name for the UK's leading debt advice organisation. Previously known as Consumer Credit Counselling Service ([CCCS](http://www.cccs.org))
www.stepchange.org