

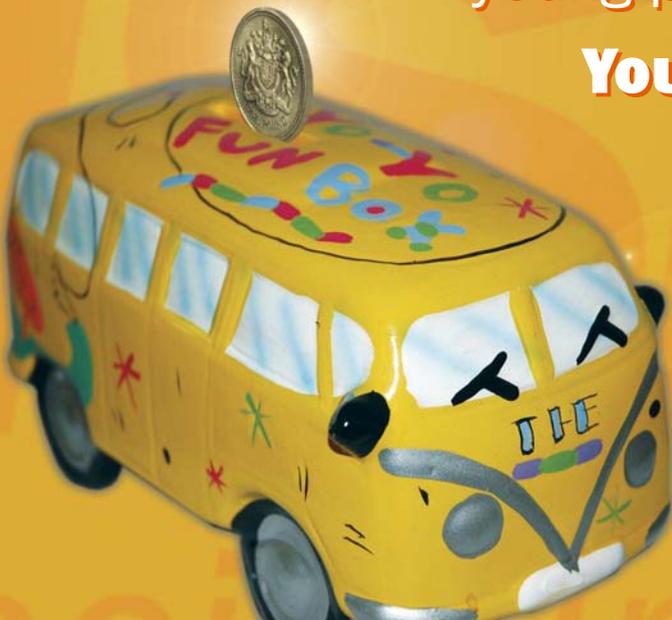
money money money

young person's guide

Your guide to :

- Managing It** •
- Getting It •
- Spending It** •
- Banking It •
- Borrowing It** •
- Saving It •

March 2009



This guide has been commissioned by the four locally based Argyll housing associations:

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● Fyne Homes	0845 6077117
● Dunbritton Housing Association	01389 761486
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This guide is also available on the websites of the housing associations at:

- www.acha.co.uk
- www.fynehomes.org.uk
- www.chconline.org.uk
- www.westhighlandha.co.uk

If you know someone who may need help in reading this guide please call one of the following Adult Literacy and Numeracy workers in your area:

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welcome...

Welcome to Money, Money, Money, a Guide to money management for young people in Argyll and Bute. Money might not be the most exciting of subjects to talk about, but life's pretty tough without it. Manage your cash properly, and you can get more of what you want and need. Manage it badly, and you find trouble pretty quickly.

You might not be in total control of your money yet, so why give you this Guide?

Because you'll already be dealing with cash on an everyday basis. What's more, the time when you'll be standing on your own two feet won't be far away. When that time comes, you'll find it easier if you've planned for it, and if you've got some idea of what you're doing.

What's in the Guide

- **Budgeting** - Get your budgeting right and you're on the way to managing your money properly.
- **Spending** - Making sure you use your cash wisely.
- **Making Your Own Home** - Getting things right when leaving home.
- **Work, Training, Study** - Get the proper rate for work, and the support you need from the Government.
- **Borrowing** - Where to borrow cash cheaply, and how to stay out of trouble with your borrowing.
- **Saving** - For rainy days or holidays- where to keep your cash to earn you more.
- **Bank Accounts** - Managing your bank account so that it works for you.

Throughout the Guide you'll find stories from real young people who have already gone through some of the changes you'll face in the future. Nothing we say in this Guide can magic more cash out of thin air, or make the right decisions for you. Hopefully though, you'll find the advice it contains helpful.

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Budgeting and Spending...

Five Things to Remember about Budgeting

- Budgeting is the most basic and important money management skill of all. Get it right, and you can have more of what you really want and need.
- Whether you realise it or not, you've budgeted since you were young, and you budget every time you buy something.
- Drawing up a budget is the first step to getting your finances sorted out.
- Writing things down can be a real help.
- Drawing up a budget is not enough in itself, successful money management means taking stock of where you are at, and then taking action.

Doing a Budget

You've budgeted since you could count. Even standing in a shop aged five you were working out what you could afford with your tooth fairy cash, whether you wanted to save for a comic, and which sweets were worth it.

As you get older, the amounts of money and stakes get higher, and you need to be more in control than a toddler who's eaten too many fizzy cola bottles.

Sitting down to do a budget is the most important money management skill of all. Many people think of budgeting as being about working out what you can't afford. In some ways it is. As importantly, it's about working out how you **can** afford to buy the things that you really want and need.

People budget in different ways. Some do everything in their head, some write everything down, others put everything on the computer. Most people probably budget in more than one way.

Writing it down, or using a computer, is the best way to do a full budget, and keep a proper track of what is happening to your cash.

Money Coming In, Money Going Out - Income and Expenditure

Budgeting is all about balancing the money coming in, and the money going out, nothing more or less complicated than that.

One of your first decisions is about whether to budget over a week, a month, a couple of months or a year. Perhaps the best way of thinking about it is to do a budget covering the length of the time between you getting your most regular income. For example if your most important source of cash is a part time job, and that pays you weekly- do a weekly budget.

Money Coming In

You may get money from a variety of sources:

- Allowance from family
- Paid work
- Other less regular sources- gifts from family etc.

Once you hit 16, you may also get income from benefits, loans, allowances and tax credits from the Government.

Things to remember about your income:

- You can't rely on irregular sources of income.
- If you are doing a *weekly* budget, make sure that you work out correctly how much any *monthly* payments give you each *week*.
- If you are doing a *monthly* budget, make sure that you work out correctly how much any *weekly* payments give you each *month*.
- If you're over 16 and earning, remember to only include the wage money you get after tax/ national insurance/ pension has been taken off.

Money Going Out

You will probably only have to pay for a limited number of things. You may pay for:

- Clothes.
- Going out with friends.
- Downloads, DVDs, CDs.
- Books and magazines.
- Trips, holidays/ holiday spending.
- Travel.
- A contribution to the costs of the household.

Things get much more complicated once you leave home. At that point you may pay for all the above, **plus**:

- Household bills; Rent, Gas, Electricity, Council Tax, Phone etc.
- Food and drink, cleaning stuff and toiletries.
- Takeaways, eating and drinking out.
- Financial bills; loan repayments, savings, insurance.
- Clothing, including work clothes and footwear.
- Travel - bus fares and car costs.
- Child related costs if you have a family.

Remember about your spending:

- **Be clear and honest with yourself**
 - All of us tend to forget that we spend money on certain things
 - All of us like to think we don't waste too much money
- Some spending will be weekly, for example a weekly trip to the supermarket.
- Some spending will be monthly or quarterly; Council Tax, rent, perhaps gas, electricity bills.
- Some spending will not be regular, for example you will only buy clothes and shoes every so often.
- You need to think carefully about how you account for these different types of spending within your weekly or monthly budget.

Budgeting Tip

People often say that they don't know where all their money has gone, or that money slips through their fingers.

Keeping a diary of everything you spend for a week or a month will help you get clear just where the cash is going. It will show you if there are any little bits of spending that you sometimes forget about.

Keeping a diary like this can be a really useful way of starting to work out whether you are spending money on things you don't need, and if you can save money by spending less on some things.



Budgeting Charts

On the next few pages you will find a couple of charts to help you budget.

The first will help you budget when you're still living at home, the second is designed to help you plan things, or cope with things, once you've left home.

You can also do this exercise online, using the Money Made Clear Budgeting tool at:

http://www.moneymadeclear.fsa.gov.uk/tools.aspx?Tool=budget_calculator.

Budgeting Whilst Staying at Home

Income:

Section A	Amount
Pay After Tax	_____
State Benefits	_____
Tax Credits	_____
Money from Family	_____
Other	_____
Total Income	_____

Spending:

Section B	Amount
Contribution to household costs	_____
Going Out Money	_____
Books and Magazines	_____
Mobile Phone	_____
DVDs and Music	_____
Clothes and Shoes	_____
Sport/ Leisure	_____
Savings	_____
Other	_____
Total Spending	_____
Total Income (from section A)	_____
Total Spending (from section B)	_____
Total Income Minus Spending	_____

Budgeting for Living Independently:

Income:

Section A	Amount
Pay After Tax	_____
Pension Income	_____
State Benefits	_____
Child Maintenance	_____
Tax Credits	_____
Other	_____
Total Income	_____

Spending:

Section B	Amount
Household	
Food, drink	_____
Cleaning products	_____
Rent	_____
Council Tax	_____
Electricity	_____
Gas	_____
Phone/ Internet/ Satellite	_____
Mobile phone	_____
TV licence	_____
Water rates	_____
Other	_____
Sub Total	_____

Leisure

Going out/ take aways/ cinema	_____
Alcohol/ cigarettes	_____
Holidays	_____
Books/ magazines	_____
Hairdressers	_____
Other	_____
Sub Total	_____

Section B <small>continued</small>	Amount
Financial	
Loan/credit card storecard/ hire-purchase repayments	_____
Pension contributions	_____
Savings/ investments	_____
Insurance (life/ car/ contents/ etc.)	_____
Other	_____
Sub Total	_____

Children

Childcare	_____
After school care	_____
Other	_____
Sub Total	_____

Other Spending

Clothing and footwear, including work clothes and school uniform	_____
Toiletries	_____
Medicines/ prescriptions	_____
Travel - bus fares, car costs etc	_____
Pets	_____
Other	_____
Sub Total	_____

Total Income (from section A)	_____
---	-------

Total Spending (from section B)	_____
---	-------

Total Income Minus Spending	_____
--	-------

Using the Results

Once you've used this table, you will know whether or not you have enough money coming in to cover your spending.

If you haven't, you need to bring in more, or spend less.

- Look at the chapter on Work, Training, Education to see whether you are being paid the right amount, or whether you are entitled to claim any additional support from the Government.
- Look at the next chapter to see if you can save money on what you currently spend.

If you find yourself not covering your spending once you've left home, it's a worrying sign of real trouble. Get help at this point. Check out the agencies listed at the end of the Guide, who will make sure you are getting all the support you need from the Government, and help you deal with debts.



Case Study...

Ryan Sorts It Out

Ryan (19) has just got a good new job working at the hospital, and has moved into a private flat nearby.

The money's not bad but he can't seem to make ends meet, cash keeps slipping through his fingers and he doesn't really know where it goes. He finds himself constantly going back to ask his mum for money at the end of the month to help him pay his rent, and he feels bad about this as she hasn't got much herself, Ryan's the oldest of four.

She suggests that he sits down and does a budget. When he does so, he suddenly realises where the money is going; £30 on takeaways every week, £40 going out with pals, and £20 a week on lunches from Greggs.

He starts doing things differently. He borrows some old pans from his mum, and gets her to teach him how to cook, it's cheaper than takeaways. He takes two Saturdays a month off from going out, and treats himself to a DVD and fish and chips instead.

Three days a week he prepares his own packed lunch, or sticks some leftover pasta in the microwave at work.

He's now putting enough aside to begin to get together a small deposit for a house.

Three things to Remember about Spending

- **There are some things you will have to spend money on, your essential spending. You must make sure you always have money available in your hand, or in your bank account to pay for these things.**
- **Other spending is non essential spending. Think carefully about what non essential things you want to buy, and what they are really worth to you.**
- **Getting value for money is not just about cost. There are quick and easy ways of getting value for money if you know how.**

Essential Spending

There are some essentials that every household has to spend money on; a roof over their heads, and keeping themselves warm, fed, clean and clothed, and within the law. If you're still at home, you might not worry too much about these things.

Once you leave home, these will become the first things you need to think about money wise. Then your essential spending will be on:

- Rent
- Gas/ electricity bills
- Food and other groceries
- Council Tax, water and sewerage charges
- Clothes and shoes (think of these as non essential if you're buying something because you want it, rather than need it).

Once you have a family you'll be paying for extra costs such as children's clothes, uniforms and nappies. You will need to set aside enough money each week to meet these costs. It's really important to remember to also do this for things you pay for monthly or quarterly, and not spend the cash on something else.

You will need to pay back what you have borrowed from your creditors - the companies you owe money to.

Non Essential Spending

Once you've paid our bills and done your groceries, you can either save what's left, or spend it. (There's more about saving below).

Non essential spending is one of the things that makes the difference between having a life and just existing. It can also be where trouble starts.

To get the most out of your money, when spending, ask yourself the following questions:

- Do I really need this?
- Will spending this money mean I can't afford some things I really **need**?
- Will spending this money mean I can't afford other things I really **want**?
- Will what I am buying last?
- Will I use it often?
- Will it be as good as I hope it is, or as the advert says it will be?

Spending Tip: Avoid Impulse Purchases

Lots of us have wardrobes full of clothes we don't really like, or cupboards full of gadgets that we never use.

Most of the things we buy that don't get used are impulse purchases, things we didn't really think about, but seemed like a good idea at the time.

Sometimes impulse purchases turn out OK, but if something grabs our attention it's good to get into the habit of coming back to buy another day, once we've thought about it. It's also worth thinking about how lots of little impulse purchases add up over time, and end up stopping you from buying something you really want or need.

Being a Smart Shopper - How to Get Better Value for Money

Once you've decided to buy something, think about the best way to get it, that is about getting value for money.

Value for money isn't just about cost. It's about balancing how much you pay for something, with how much benefit you get from it. A pair of jeans you get in a sale might seem cheap, but if you only wear them once, or they wear out quickly, they are a waste of money.

In the Supermarket

- Ready meals cost more than making stuff yourself, and taste worse.
- It's usually cheaper to buy more of something than less. If you do, don't forget, things go off, use your freezer!
- Look out for offers but remember:
 - Buy one, get one free offers can be a way of saving money, but not if you end up throwing things away. These offers work best on things that last i.e. tinned food/ dried food such as pasta, and household goods such as shampoo, soap or washing powder.
 - You may also think about going shopping with a friend so that you can take advantage of those offers and bulk buying.
 - Only buy things on offer that you would normally buy anyway.
- Shop around. Very few shops will be the cheapest for everything. Local shops may give you better value for some purchases.
- Remember travelling a long distance to shop costs money.

Be Prepared to be a Rate Tart

There is less and less reward for staying for a long time with the company that provides you with fuel, insurance etc, or with the same bank. The best offers are often only available to new customers, and might be much better than your current deal.

It's worth keeping an eye on deals that are available, check the money pages of your paper or websites like www.moneysavingexpert.com. www.consumerdirect.org.uk The energy consumer watchdog has links to price comparison websites.

If you do switch, just remember that value is about quality of service as well as cost.

Do try this at home

If you're still living at home, you might find it interesting to see if you can help save your mum and dad money by switching them to a new energy/ phone/ insurance provider - just make sure that you ask permission first! If they do switch, they might even put some of the money they save back in your pocket.

Use the Internet

- You can often buy things cheaper on the internet than on the high street, but make sure you check delivery and any other hidden costs.
- Remember to check the level of service.
- Price comparison websites offer to save you money by showing you the cheapest deals available on products and services, from gas and electricity to car insurance. If you use these:
 - Remember no sites compare all the possible suppliers.
 - Don't think just about price, e.g. when buying insurance check exclusions, excess and levels of service.
- Whether you are buying books, holidays, or music, there are independent websites where people share their views about stuff they have bought.

But Use the Internet Safely

- Make sure the website has <https://> at the start. A padlock symbol should also appear at the bottom of your screen. These mean the site is secure.
- Check the company has a genuine address and land line number.
- Print your order form, and the acknowledgement you receive.
- Never give out your pin number on line.
- Don't forget that by law you have a 7 day cooling off period (after the goods are delivered) if you don't want them.

- If you are buying something for more than £100, using a credit card or visa debit card means that you are entitled to compensation from the card issuer if something goes wrong and you can't get satisfaction from the seller.
- If you're buying on an internet auction website, such as E Bay-
 - check the seller's reputation, postage costs and other 'small print.
 - Remember that if something sounds too good to be true, it probably is.
 - Pay by card if possible- see your rights above.
 - Don't spend more than you planned to on something.
- More information is available at www.getsafeonline.org

How Get the Right Mobile Deal:

Thinking through the way that you choose your mobile phone is good way of understanding how to spend your money effectively.

FIRST

Ask yourself whether you really need a mobile phone. (OK, daft question, but bear with us- it's the place you should always start when thinking about buying something.)

THEN DO A BUDGET

The second question is about how much you can afford to pay for a mobile, and for your monthly usage - do a budget to work it out.

WORK OUT WHAT YOU WANT/NEED

Using a mobile is about texts, calls and internet/ WAP, but it's also about downloading music, taking pictures and videos etc.

You therefore need to think about how you use your phone, and what you want it do for you. Ask yourself:

- How much you use it.
- What time of day/ day of the week you use it most.

- Which mobile network most of your friends are on.
- How important good quality camera and video options are to you.
- How important download options are to you.
- Which style of phones you like best.

COMPARE TO GET THE BEST DEAL

Once you're clear what you want, you need to get the best deal that you can. Remember, your answers to the questions above will be different from anybody else's, so the best deal for you probably won't be the same as for your best friend.

When looking at what's on offer think about:

- Whether you want to go with pay as you go, or a monthly contract.
- The cost of texts, calls, and voicemail, and how those vary under different offers.
- Exactly what's included in any monthly contract, and whether you can add on extras like more texts without problem.
- What phones are on offer with particular tariffs.
- What the coverage for different networks is like in your area - will the phone actually do its main job?

To compare what's on offer, you can:

- Collect information from the different phone providers- check if they have any offers, and check their own coverage.
- Use independent shops to compare and contrast deals.
- Use websites and newspapers to get information on the latest deals- try www.moneysavingexpert.com.
- Check consumer websites, and talk with friends, to make sure that the company gives you decent service.

Mobile Phone Tips :

- Better deals are available in terms of call charges, services and handsets if you sign up for a monthly contract, but they tie you in for at least a year to the same provider.
- If you do take out a monthly contract, keep an eye on whether it really does fit your needs. If not, change to another tariff, or consider add ons like extra calls or texts. If this doesn't work, swap to another provider or pay as you go once the contract is up- you can still keep your number. There is **no** bonus for being loyal, if you think it's better to change provider, do so.
- If you do take out a monthly contract, make sure you have enough money to pay the bill, and pay on time, or you could lose your service.
- Check out whether it is worth getting insurance- what happens if your phone is lost, stolen, or breaks? What is covered under the phone's warranty?
- Beware of hidden costs-
 - Free phone (0800) calls often don't come free on mobiles.
 - Calling premium (09) numbers from mobiles can cost much more
 - Signing up for Ringtone clubs etc can mean you end up paying for ringtones/ pictures or even promotional texts that you don't want.
- Check carefully when your peak periods are for calls or texts, they can vary between tariffs.

Places for More Information about Consumer Rights

- **Argyll and Bute Trading Standards:**
 - Bute and Cowal Tel: 01369 707129.
 - Oban, Lorn, and the Isles Tel: 01631 567 918.
 - Helensburgh and Lomond Tel: 01436 658 909.
 - Mid Argyll, Kintyre and Islay Tel: 01546 604 776.
- **Consumer Direct** www.consumerdirect.gov.uk or 08454 04 05 06

Case Study...

Lily Wishes She Hadn't

A few months ago Lily (18) got her student bursary cheque. Days later she was shopping with some friends and saw a designer dress she liked the look of. It wasn't cheap, but there was 20% off. She also got a pair of boots to go with the dress, and a few other bits and pieces.....

A few months later and Lily's only worn the dress once, and the boots don't seem to really go with anything else.

Since she blew a chunk of her bursary on that shopping trip (and a couple of others since) she's been really struggling cash wise. She tried increasing the hours in her part time job, but she felt tired all the time and had to reduce them again with her exams coming.

The worst thing is that now she's struggling to pay her bills and meet the payments on a couple of storecards she used to buy some other stuff. She can't afford to go out, and she's falling out with her flatmates who think they're subbing her all the time.

Making your own Home...

Six things to think about when getting a place of your own

- Try not to move before you're ready.
- Plan ahead so that you have a clear idea of how much things will cost.
- Make sure that you are clear about your rights and responsibilities as set out in your tenancy agreement.
- Paying your rent must be your first priority. Seek help if you are struggling.
- Think carefully about which things you buy first when you are making a new home.
- Get your paperwork sorted when you move in.

When to Move?

Some people leave home because they've got something better to go to, because they get a new job, or have a training or studying opportunity to take, or they move in with a partner. Other people feel pushed, they are arguing all the time with their family, they feel that they don't have enough freedom. At worst they get thrown out.

In all the discussions we had with young people in the making of this Guide, one message that came over time and again was they felt they had left home too early.

If possible, leave home at a time of your choosing, because you have positive reasons to go. Try to leave on good terms; help from your folks can make a real difference to settling into your new place, and you might need to crash back with them in the future at some point.

What Are my Housing Options?

There are three main housing options if you're leaving home:

- Buy you own house.
- Rent from a housing association
- Rent from a private landlord.

For the purposes of this Guide, we'll assume that you're not likely to leave home straight into a place you've bought yourself- if you have, congratulations on your Lottery win.

Renting from a Housing Association / Council

In Argyll and Bute you can rent from one of the local housing associations. Outside Argyll and Bute, you can rent from a local council or a housing association.

There are a whole lot of rules covering who can access, and the way in which you access, a home with housing associations and councils. We just haven't got space for detail here, so it's important that you seek advice before planning your move.

If you are thinking about renting from a housing association you should contact any of those listed in this Guide.



Renting from a Private Landlord

Private homes for rent can be found across the country.

You can find out information about houses and flats for rents in the private sector in all sorts of places; estate agents, small ads in the paper or shop windows, on the internet, or through friends and family.

Private landlords aren't as tightly regulated as housing associations or councils, so it's important that you know your rights, and if possible choose your landlord and home carefully.

Tenancy Agreements

When you rent a home, a tenancy agreement is signed by you and your landlord. This constitutes a legal contract between you.

It will set out:

- Your rights.
- The services to be provided by your landlord.
- Your landlord's responsibilities to maintain the home.
- The rent you will pay, and how often you will pay it.
- The time covered by the agreement.
- Your responsibilities to maintain the home.

If you are in a private sector home, and are concerned about the content of your tenancy agreement, contact:

- Shelter Helpline, Tel: 0808 800 4444.
- Argyll and Bute CAB: e mail housingadvice@abcab.org.uk,
Tel: 08456 123 808

Whoever you are renting from, if you do not feel that your landlord is keeping to the tenancy agreement, you should contact Shelter or Argyll and Bute CAB.

Help with paying Your Rent: Housing Benefit

If you're on a low wage, involved in training, or out of work, paying your rent can be particularly difficult.

Housing Benefit is paid to people whose income is too low for them to be able to pay all their rent themselves. It is important to know that:

- You can have all, or part of, your rent paid by Housing Benefit, depending on your income and the level of the rent.
- You can still receive Housing Benefit if you are working and not receiving a high wage.

You can apply for Housing Benefit yourself with forms available electronically from Argyll and Bute Council. However, the forms can be a bit difficult to manage, and it can be a good idea to get help completing them from someone with experience, for example your housing officer/ project worker if you have one, or the advice projects listed at the end of the Guide.

Beware, if you are claiming Housing Benefit

- The Council will contact you every so often to ask you to check you are still entitled.
- Respond promptly to any requests for information at this time or on any other occasion, or you may stop receiving benefit.
- You must inform them of any change in your work and family circumstances.
- If you are informed that you have been overpaid Housing Benefit, inform your landlord and seek advice from an advice agency straight away.
- If you think a decision is wrong, inform your landlord and seek advice from an advice agency straight away.

Planning Ahead

Before you decide to leave home, it is really important to plan things out properly. Now is the time to do the budget on page 8.

You also need to think about some of the extra costs involved:

- How much it will cost to furnish/ decorate/ equip your new home.
- How much it will cost to physically move, for example van hire.
- Whether there will be any additional regular costs such as travel to work/ shops/ college/ family as a result of the move.

Doing this now means that you won't be surprised by anything later, and gives you a chance to think about putting some money aside to help with the costs.

Turning your House into a Home

When you move into a new home, it may seem really scruffy compared to where you've come from. Your natural instinct will be to try to get everything as you want it NOW. You may want new furniture, new household and kitchen goods, curtains and carpets straight away.

You probably won't be able to do it all at once, and letting your spending run away at the start of living in a new home can cause long term money problems.

Things you should consider when setting up home are:

- Prioritising what you buy carefully. Some of the questions you might want to ask yourself are: Can you live with the furniture you have for a year or two? Do you have all the essentials you need i.e. cooker, fridge?
- You may be able to get help with some of the costs of moving in. Take a look at the benefits chapter below particularly the section on grants and loans available from the Government.
- If you are thinking about borrowing money for new things, read the chapter below on borrowing first.

- Buying second hand items cheaply may prevent you from getting into serious debt. Remember all the tips about getting value for money that you saw in the previous chapter. This is particularly important at this time, as some of the things you are buying are likely to be fairly costly.
- There may be local voluntary organisations or furniture recycling projects that can be a source of cheap and reasonable quality furniture and white goods

Who Should I Live With?

There's no right answer to this question.

- **Living Alone.** This can be great, all the space you want to yourself, and no-one to worry you. However, aside from the potential for feeling lonely and isolated, having no-one to share the bills with can be very difficult financially.
- **Living with Friends.** Nothing better perhaps than living with the mates you've grown up with. Just remember that sharing a home is a different kettle of fish. As well as the potential to argue about washing up, and discover that the habits that used to make you smile now irritate the hell out of you, you might find money is an issue. If you do move in with pals, make sure that it's clear from the start how you are going to share household costs. If problems happen, deal with them quickly and honestly. Otherwise you might find yourself seeing the end of a beautiful friendship.
- **Living in a Flatshare.** You might decide to move into a flat where you don't really know the other people living there, often they might be friends of friends. If you do, make sure that you feel safe and secure, and that they are people you can trust and get on with. Again, make sure that it's clear from the start how you are going to share household costs, and if problems happen, deal with them quickly and honestly.

Moving Tips: Getting Your Paperwork in Order

There are some key paperwork tasks that you need to perform when you move house.

- You need to make sure that organisations who need to contact you at your new address know you are there. Those who need to know will include:
 - Job Centre Plus/ The Pension, Disability and Carers Service, HMRC (Her Majesty's Revenue and Customs)
 - The Housing Benefit section at Argyll and Bute Council (tel: 01546 605 512)
 - The Council Tax section at Argyll and Bute Council (tel: 01586 555 200)
 - Your bank or building society
 - Any company that you owe money to
 - You mobile phone provider if you have a contract.
- You can get your mail directed to your new address for a few months by filling in a form at your local post office.
- You need to register with the gas/ electricity suppliers at your new address. Contact MPAS on 0845 270 9101 to find out who your electricity supplier is, and Transco on 0845 605 6677 to find out who your Gas supplier is. Remember you don't have to stay with those suppliers for the long term.
- When you move in, take a meter reading to make sure that you don't end up paying for the person who lived there before you.
- If you receive letters for the previous occupant, mark return to sender and post them back free of charge. This will prevent any problems arising for you if they are behind on their debts.

Case Study...

Lynsey Does it Right

Lynsey (20) moved into a tenancy with her housing association a few months ago. She struggled a bit after she left school, but now she feels she's got her head together and she's training to be a childcare worker.

When she moved into her new flat, it was a bit of a shock. She had no furniture, only an old telly and not much else.

Fortunately Lynsey listens to her Gran and takes a deep breath. She begs and borrows stuff for her new flat from her family, and gets a couple of other things from a local furniture project and a second hand shop. A few weekends with her dad and a paint brush, and the place looks great.

She works out how much she can afford to save and starts putting £5 a week in a credit union account like her Gran told her to. Now, since she stopped smoking she's added another fiver to her weekly savings and she's eating better food.

Things are pretty good at the moment. She's just taken out a small loan from the credit union, has bought herself a new flat screen TV, and she's saving up to go away for a break to celebrate finishing her course.

Work, training and study...

Some things to remember about work, training and study:

Work

- Make sure that you receive at least the minimum wage in your job, and know your rights to protection against unfair treatment.
- Financial support is available from the Government when you are in work as well as when you are out of work. Make sure that you claim that support.
- Don't go mad when you get your first pay packet.

Training and Education

- Training and education are the route to a better paid job.
- Financial support is available from the Government when you are in education or training. Make sure that you claim that support.

Other Help

- Support is also available from the Government if you are out of work, a carer, or facing problems.

Dealing with the Benefit Authorities

- Keep them informed, remember that they make mistakes, remember that they don't all talk to each other, and get help if you don't understand something.

Work

Knowing Your Rights

When you take a job, you are legally entitled to earn the minimum wage appropriate for your age. You will also be entitled to holidays and time off, and to protection against unfair treatment, for example dismissal without cause, from your employer. You may also be entitled to a variety of support from the Government to help top up your wages.

Minimum Wage

From October 2008, the minimum wage was set as follows:

- £3.53 per hour if you are under 18 and over the compulsory school leaving age.
- £4.77 per hour if you are 18,19,20 or 21.
- £5.73 per hour if you are 22 or over.

If you are an apprentice under 19 you will not qualify for the minimum wage, if you are an apprentice 19 or over, you will not qualify for the minimum wage for the first 12 months of your apprenticeship.

If you are not being paid the minimum wage for the work you are doing, you can phone the minimum wage helpline on 0845 6000 678 (online information at www.hmrc.gov.uk) .

Employment Rights

There isn't the space in this leaflet to give you detail about your employment rights. Those rights change all the time, and can vary considerably, dependent on the length of time you have been in your job and other factors.

If you are in a job, and think you are being treated unfairly, or if you have lost a job, and think you lost it unfairly, you should seek advice and support from your trade union, if you are a member of one, or speak to one of the advice agencies listed at the start.

Further information is also available online from the Citizens Advice Bureau at: <http://www.adviceguide.org.uk/>

Understanding Your Payslip

Each week or month you should receive a payslip from your employer. This will contain the following information:

- Your National Insurance Number- make sure that it shows the correct one.
- Your tax code, which decides how much tax you have to pay- check that you are on the right tax code (see the HMRC website address below).
- A note of the pay period; month, week, two/ four weeks; to which the payslip refers.
- Your gross and net pay for the pay period - how much you are paid *before* tax, national insurance, and other deductions such as pension, and how much after.

- Your tax, national insurance, pension and other deductions for the pay period.
- Your gross and net pay for the tax year to date (tax years start at the beginning of April).
- Your deductions for the year to date.

If there is anything you don't understand about your payslip, ask your employer. You have a legal right to receive a payslip.

Work Tip: Dealing with Your First Pay Packet

Getting your first proper job can be a pretty good feeling. Your first pay packet can be even more exciting, and the temptation to blow it might be overwhelming.

Following the rules below will help you manage that first pay packet properly.

- Plan ahead - draw up a budget for when you are in work. Don't forget;
 - Only count the money you get after tax,
 - Include things like travel costs and clothes.
 - Include any help you get off the Government.
- Don't rush out and spend it all. In particular, don't borrow huge amounts of money on new credit cards.
- If you're doing a job with irregular hours, be realistic about how much you will earn.
- Don't leave it too long before thinking about a pension. It might seem a dull subject, but it's less boring than being a pensioner who can't afford to leave the house.

Training and Education

Your life at the moment will be full of advice from well meaning people about what you should do when you leave school, so we'll not add the nagging. We know that getting a job as quickly as possible and seeing that lovely money hit your account can seem very tempting.

Here's a couple of things to remember about how the money side of things works out.

- Once they hit their mid twenties, people who stay on longer in training or education generally earn comfortably more than those who don't.
- Very few well paid jobs are available to people who haven't got some qualifications.
- Extra financial support is available from the Government whilst you are training and studying.
- Income from part time jobs, added to this support, is usually enough to live reasonably.
- All sorts of discounts are available to people who stay on in training and education that you don't get if you are working.



Government Support

Two things to remember about support from the Government:

- Your entitlement to support depends on your family and work circumstances. If those circumstances change, your entitlement to benefit will also change.
- Being entitled to one benefit, may mean that you can get another.

In this section we cover:

- Support that is available to top up your income if you are working.
- Support that is available to help with your housing and council tax costs.
- Support if you are in education, training or studying.
- Support if you are out of work.
- Loans, grants, and other benefits.

Support to Top Up Your Income

If you earn less than a certain amount, the Government will pay you **Working Tax Credit** and/ or **Child Tax Credit** to top up your income.

The amount paid will depend on the number and age of any children you have, the hours you work and your income.

Child tax credit can help with up to 80% of registered childcare costs. You are also entitled to 12 ½ hours per week for 38 weeks per year of free registered childcare once your child is over 3.

Tax credits are paid by HMRC (Her Majesty's Revenue and Customs).

Contact HMRC:

0845 300 3900 Monday to Friday 8 am - 8 pm.

The tax credit system often does not work very fast, you should contact HMRC as soon as you know how much you are earning and when you will be starting.

Meeting Housing and Council Tax Costs

Housing Benefit and **Council Tax Benefit** are paid if because of your income being low you need help paying your rent and/or council tax charge.

Remember:

- Discretionary Housing Payments may also be available if you are having particular difficulties.
- You may also be able to claim discounts relating to your Council Tax. If you are the only adult in a household your single person discount takes 25% off the council tax bill.
- Housing Benefit/Council Tax Benefit are administered by the Council. Contact Argyll and Bute Council Customer Service Point on 01546 605 512.

Support if You are Studying, Training or in Education

If you are 16-19, from a low income family (less than £30,000 per year), and in a full time course at school or college, you can claim **Educational Maintenance Allowance, EMA**. To make a claim, you have to sign up to a Learning Agreement, which commits you to attending *and working hard* at your course. If you don't fulfil your side of the bargain, the money can be taken away from you, and you might have to pay back what you have received.

EMA is paid for up to three years, with the precise amount depending on your family's income. It's paid weekly into your bank account during term time for up to 42 weeks in a year. Bonuses are paid twice a year if you stay on your course and make good progress with your learning.

EMA doesn't affect any other benefits that your family is on. You'll still be able to claim any travel bursaries you have, but you won't be able to claim any existing maintenance bursaries.

You can get EMA application forms from your school or college.

Student Support

If you are studying for an HNC, HND or equivalent, or a degree or equivalent, the Government offers a variety of support.

If you are studying in Scotland, you will have your tuition fees paid. This does not apply if you are studying elsewhere in the UK.

You can also apply for a student loan. Everyone is entitled to a minimum level of loan. Above that level, the amount you receive depends on your family's income. The loan is repaid once you have finished studying, and taken direct from your income. The interest you pay is linked to the rate of inflation, so the amount you pay back does not increase in real terms.

Bursaries are available for students studying in Scotland, and elsewhere in the UK. The size of the bursary depends on where you study and your household income, with those students whose household income is above a certain amount receiving nothing.

Supplementary grants are also available, for students who are lone parents, who are disabled, or to help with the cost of travel.

For more information, please go to www.saas.gov.uk

Support if You Are Out of Work

- **Income Support** is a benefit for those who are not required to work, such as lone parents with young children, carers or people who are sick/disabled.
- **Jobseeker's Allowance** is a benefit for people who are required to look for full-time work.

The amount paid for both of these benefits will depend on your age, whether you have a disability, how many children you have and their age, and if you have any other money coming in. Both benefits are paid by Job Centre Plus - Contact them on 0800 055 6688 Monday to Friday: 8am - 6pm

Grants and Loans

You may qualify for a **Community Care Grant** if you are on Income Support or Job Seekers Allowance. This is a grant, you do not have to pay it back.

This payment can help with the costs of moving home, buying furniture etc for setting up a new home, or replacing items that are broken or no longer suitable.

You can qualify for a **Budgeting Loan** if you have been on Income Support or Income Based Job Seekers Allowance for 26 weeks. As this is a loan, you will have to pay it back, deducted from your benefit.

A Budgeting Loan can help pay for:

- furniture and household items
- clothes and footwear
- travel costs
- costs to improve or maintain your home, or keep it secure
- rent upfront or removal costs to get to a new place
- costs of looking for or starting work, or
- hire purchase (HP) or other debts you may have in relation to the items above.

You can get a **Crisis Loan** even if you are not on any benefits. Crisis Loans are awarded if you have no other way of getting funds and you need money in an emergency, for example if you have no gas/electricity and have no money to buy power, or if you need an essential item e.g. a cooker.

These loans and grants are administered by the Department of Work and Pensions Social Fund, call 08456 088763.

Help with Health Costs

If you are on Income Support, income based Job Seekers Allowance or Employment Support Allowance, or sometimes if you are on Child Tax Credit or Working Tax Credit (see your award letter), you qualify for help with some of your health costs.

This will mean:

- Free NHS prescriptions.
- Free NHS dental treatment.
- Grants towards glasses.
- Repayment of travel costs to hospital.

If you are under 16, or under 19 and in full time education, you can get vouchers towards the cost of glasses and free prescriptions.

To make a claim, and possibly get back some of your costs already incurred, get form HC1 available from your health centre. Contact the Health Information Service Tel: 0800 66 55 44 for more information.

If you are a Carer

Carers Allowance is paid to you if you look after another person, who is on certain rates of Disability Living Allowance or Attendance Allowance, for 35 hours or more per week. This care does not have to be nursing care, but can include motivation, help with filling in forms, and paying bills etc.

Other Benefits

The benefit system has grown very complex over the years as it tries to make sure that it meets the whole variety of needs that people may have over their life time.

There isn't the space to cover everything here, but you should remember that benefits are also available if you are; disabled and unable to work, or in need of extra help, bereaved, or have children.

Benefit Tips: Dealing with the Benefits Authorities

Remember:

- It is always worth putting in a claim for benefit, even if you aren't sure that you'll be successful. Get proper help with a claim from one of the agencies listed at the end, and you are more likely to be successful.
- Government authorities provide lots of information, but you may need to ask for it yourself.
- Different benefits are administered by different parts of the system, and those parts don't always talk to each other.
- It's your responsibility to inform the benefit authorities of any changes in your circumstances. This will make sure you are getting the right amount. Overclaiming can be as much of a problem as underclaiming and, you will probably have to pay the extra money back.
- Those making decisions make mistakes. Get help from someone if you're not sure that you have got the right decision. It is often possible to make an appeal. If you do, get help from one of the agencies mentioned at the end of the Guide.
- Keep a copy of information you hand over to the agencies, and ask for a receipt or acknowledgement letter. Keep a record of who you speak to whenever you are in contact with benefit authorities and of the time and date that you spoke to them. This will help you in any appeal that you make.

Borrowing and Debt...

Key Messages:

- Borrowing is something most of us do at some point in our lives.
- Borrowing is a way of spreading the cost of big expenditures.
- You can have a sensible debt or a problem debt.
- Being in problem debt can trap you in a debt spiral.
- You have a legal duty to pay back money you borrow from a company
- You can borrow from a variety of different sources of credit. The loans they offer will cost you very different amounts, and be subject to very different conditions.
- Borrowing from friends and family and not paying back money can put your relationships under strain.

Borrowing Now, and in the Future

Whilst you're still at school, borrowing might seem like something to worry about in the future. You might tap you mum, your dad, or your gran for a tenner, but you've not yet entered into the world where offers for all sorts of loans and plastic are landing on your doorstep.

That world though, isn't far away. Soon you'll have to face decisions about how best to pay for clothes, holidays, TVs, furniture, perhaps a car of your own.

Making the right borrowing decisions from the start will save you a whole lot of trouble.

Think Before You Borrow:

- Think carefully about what you are buying and whether you really need it.

THEN:

- Think about whether it would be a better idea to save for it.

THEN:

- Do a new budget and **decide a realistic amount that you can repay** each week or month. Don't take out a loan which asks you to repay more than that.

THEN

- Look at what loans are available to you. Never take the first offer of a loan before looking at other options.

MAKE SURE YOU:

- Don't just think about the weekly/ monthly cost of the loan, or its convenience. Think about the overall cost. This will be affected by the interest rate charged, the time over which you repay the loan (the period of the loan), and other charges such as an arrangement fee, or early repayment fees.
- Compare the cost of a loan by looking at the APR (Annual Percentage Rate). This includes the interest rate and any charges involved and the total cost of the loan. The higher the APR, the more the loan will generally cost you.

Sources of Loans:

- You may be aware of **doorstep lenders** where you live. They often seem attractive at first, they give you quick access to money, may be flexible about repayments, and those repayments may seem affordable. BUT- they will charge you very high rates of interest, and taking a loan from them will end up costing you much more. Never do a deal with a doorstep lender without taking some time to think about it. **Our Advice: Avoid if possible. APR can be 200%+**
- **Catalogues, furniture and electrical shops and electrical shops**, may claim to offer you good deals BUT- the quality they offer might not be great, the interest they charge can be high, you pay more because you repay over a longer period of time, and they may sell you insurance products that you might not need. **Our Advice: Be very aware of the total cost, often very much bumped up by spreading repayments over a longer time. APR can be 30-40%**
- **Credit unions** lend at much lower rates of interest than catalogues and doorstep lenders. Credit unions are professionally run organisations regulated by the Government and supported by local people. To get details about your local credit union, see the start of the Guide. **Our Advice: A safe and a cheap way to borrow. APR as low as 12%.**

- **Social Fund** - You may be able to get a loan from the Government where repayments are taken from your benefit or your income. **Our Advice: A good source of loans, but they are not always available.**
- **Bank loans** are usually only available for larger amounts. If you have a bank account with an overdraft it is possible to use that for small amounts of borrowing- but remember that you will have to pay interest if you become overdrawn i.e. go into the red. **Our Advice: Shop around for the best loan, you don't have to stay with your current provider. APR varies considerably- compare rates.**
- **Credit cards** can be used to borrow, but again keep a close eye on how much you owe in total so that it doesn't run out of control. **Credit cards are not free money** - you have to pay interest if you don't clear your full balance every month. **Our Advice: Useful to have, but can be a real problem if you don't manage them properly. APR varies considerably- compare rates, and remember 0% or low rate deals are only introductory.**
- **Payday Loans** are offered by some finance companies if you are short at the end of a week or month. They are advance loans which you pay completely or in part once you receive your next wages. **Our Advice: Although tempting if you are desperate, try to avoid these - better to look again at your budget. APR can be well over 2,000%!**

Further Information:

Financial Services Authority- information about borrowing

http://www.moneymadeclear.fsa.gov.uk/products/loans/types_of_borrowing.html.

Loan calculator- to work out how much a loan will cost you at

http://www.moneymadeclear.fsa.gov.uk/tools.aspx?Tool=loan_calculator

Office Fair Trading- information about borrowing at

http://www.offt.gov.uk/advice_and_resources/publications/consumer_advice/money_credit_debt

Fantastic Plastic?

When you hit 18, it's almost certain that you'll be offered a credit card. Used well these cards can be a real help for your money management, used badly they can land you in huge trouble.

The key thing to remember is that credit cards are a way of borrowing money. You will have to pay back what you borrow on them, plus any interest that you owe. Too often people spend more than they can afford on credit cards, because somehow **it doesn't feel like you are spending money** when you use them.

Credit cards are effectively a pre approved loan, that is, you can use them to borrow up to an amount agreed with your card provider. They can be useful to:

- Spread paying for something over a period of time without the hassle of applying for a specific loan for the purpose.
- Give you some security. If you don't receive the items you bought, or you receive faulty goods, and the supplier goes bust, you can claim from the credit card company.

Credit Card Tips: Be Card Aware

There are potential pitfalls you need to be aware of:

- **Minimum Payments.** Your credit card statement will specify the minimum amount you have to repay each month, usually 2% of the balance, but not less than £5.00. **This is not a recommended amount for repayment.** If you only keep repaying the minimum amount it will take you a long time to clear your debt and cost you much more in the longer run. Repay more than the minimum amount and you will clear the debt quicker and it will cost you less.
- **Don't forget your repayments.** If you do, there will be charges, you will damage your credit rating, and you will lose the benefit of any deals that you were on.
- **Paying your balance off at the end of the month is the only way to avoid being charged interest.**

- 0% or low rate and balance transfer offers can be helpful in spreading your card payments. There may be a charge for transferring, which is likely to be a percentage of how much you want to transfer – work out what that charge is before you decide.
 - If you take advantage of 0% low interest offers, try to repay a reasonable amount during the interest free/ low rate period, so that you don't get hit by big interest costs once the interest free period ends.
 - If you use a balance transfer, commit to paying off as much as you can during the interest free period- don't forget about the debt you owe.
 - If you forget to pay, you will lose the interest free benefits.
 - Think about switching to another low rate card when the interest free period is up.
- Don't take out cash advances on credit cards, the interest they charge is very high.
- Shop around for your credit card- you don't have to take one from the same bank who give you your current account. Try www.moneysavingexpert.com for information about different deals.
- Don't run too many cards. When a card is clear, and you no longer wish to use it , cut it up, **and** let the provider know.
- **Using your credit card for your essential spending is a sign of financial trouble.**

A Quick Note on Storecards

Many shops, particularly clothes and electrical stores offer you a storecard, a type of credit card that you can only use in that store, or a certain number of other outlets. These cards often come with a discount when you first use them. **BEWARE:** The interest rates on these cards are often high at 25-30%. Any discount you get when you use the card will be blown straight away unless you pay off what you owe at the first opportunity.

More Information:

For more information, from the UK Payments Association - Go to:
<http://www.choosingandusing.com/>

Sensible Debt versus Problem Debt

Borrowing can be a reasonable part of managing your money, or it can create problems that can soon get out of control.

So how can you tell the difference between sensible and problem debt?

Sensible debt:

- You are in control of it.
- You understand how much you have to repay, and have a realistic time plan for doing so.
- You can repay it without too much pain, and without cutting into your essential spending.
- You got into debt to pay for something that you need, and which was value for money.
- Taking out a loan was a more sensible decision than saving for what you bought, or buying it outright.
- The cost, terms and conditions of the loan are suitable for you, and the best that you could find.

Problem Debt:

- You do not feel in control of it.
- You do not know how much you have to repay, or understand why you have to repay that much.
- You don't have a realistic plan for repaying it.
- You have to give up essential spending or miss out on other things that you want more.
- You got into debt for an impulse purchase, for something that wasn't value for money, or you can't even remember why you took out the debt.
- You wish you had saved up to make your purchase, or paid cash.
- There were better deals available in terms of cost, terms and conditions on your loan.
- Your debt leaves you borrowing to buy essential items.

Borrowing tip: Beware the Debt Spiral

- Debt really becomes a problem when you find yourself in a debt spiral. This often starts when you simply spend more money than you have.
- Then you borrow to fill the gap.
- That means more of your money goes on repaying your debts as they get bigger.
- Then you keep borrowing more to spend more to maintain your lifestyle.
- Yet more of your money goes on repaying your debts.
- This continues until all your spare cash, and some cash that you need for essentials is going on repaying your debt, and **YOU ARE LEFT WITH NOTHING!**

Dealing with Problem Debt

Once you're in your own home, you need to be very aware of some specific warning signs of trouble:

- You are always right up against your overdraft limit on your bank account, or sometimes go through it.
- You regularly take out cash advances on credit cards, or take out pay day or benefit day loans.
- You can only afford to make the minimum payment on your credit card.
- You find yourself borrowing money to pay household bills or household essentials.
- You are behind on your rent or gas / electricity / council tax bills.

Emergency!

There are also some situations in which you must get help straight away:

- You have received notice that your landlord is seeking to evict you.
- You have received court papers or a date for court hearing in relation to an action taken by your creditors.
- You are threatened with having your gas/ electricity disconnected.
- Sheriff officers are about to visit you, or have called on you already.

Getting help

Sometimes when you have taken out a problem debt, you can grit your teeth and pay it, and promise yourself not to make the same mistake again. Sometimes that isn't possible, and you may be in more trouble than you can cope with. If you are in trouble repaying your debts, **seek help straight away**. Even if dealing with the situation seems daunting or stressful, the earlier you get support, the sooner you can start getting things sorted, and the easier they will be to deal with.

The advice agencies listed at the end of this guide will:

- Give you confidential, free advice.
- Not make any negative judgements about the reasons you are in debt.
- Provide you with skilled support.
- Clarify your rights and the debts you owe.
- Identify the debts that you should pay as a priority.
- Keep in contact with your creditors, and negotiate with them on your behalf if wish them to do so.

Remember, your creditors would rather you make reasonable payments of your debts over a period of time, than get no payment at all, or take expensive legal action against you.

When you go to see a Money / Debt Advisor for your first appointment, try to have all the relevant information with you- details of all your debts, loans, agreements. Draw up a budget before you go, so the adviser can see your situation straight away.

Case Study...

Ewan Does it Wrong

Down the road from Lynsey, see page 26, Ewan (19) moved in about a year ago.

He was desperate to get his own place for a good while because he couldn't stand his mum's new boyfriend. Things got so bad at one point that he moved out for a few months and kipped on his mate's floor.

Ewan loves his music, he's really keen to get a good sound system and a decent telly, he's not so bothered about his furniture. He gets a credit card, and pretty quickly maxes it out, getting the TV, the sound system, and heading off to Magaluf with his pals. He finds himself struggling to pay the bills, but reckons he can get overtime at work, and takes out another card to put a deposit on a car.

Ewan's now in real money trouble. His hours at work have been cut because of the recession. He's paying some of his everyday bills on his new credit card, and has been stung a couple of times with charges because he's not had the money in the bank to cover his Sky or his electricity. He and his girlfriend are arguing all the time, and he's in trouble with his boss for being short with a customer. His landlord's threatening him with court unless he pays the rent he owes.

Fortunately, Ewan's girlfriend is Lynsey's pal, and Lynsey tells him about a local advice project, who will sort his budgeting out, and speak to his credit card company about setting repayments he can afford. He knows it's going to hurt a bit, but for the first time in ages, the first thing he thinks about in the morning isn't money.

Saving for the Future...

Three things to remember about saving:

- Saving is about putting money aside so that you can afford to buy things you can't pay for immediately, and can cover any unexpected cost.
- There are lots of different ways to save - some work best for the short term, others for the longer term. Take time to choose the best savings product for you.
- Try to only draw on your savings for the reason that you actually began to save.

Why Save?

Saving is a vital part of most people's money management. You've probably first saved when you were young, even if it was only putting pennies in a piggy bank.

Saving helps you:

- Deal with an unexpected cost- a rainy day.
- Afford more expensive items like a car, a holiday, paying for Christmas and birthday presents, or just some treats for you or your family.
- Cope with any big life changes such as setting up home for the first time.

Where to Save?

Banks and Building Societies offer a variety of savings accounts for your needs. These accounts differ from current accounts by offering interest. Remember - if you leave a big balance in your current account, inflation will reduce the value of money in your account, and you will be missing out on interest.

You will usually have to pay tax on the interest that your savings earn. However, by taking out an ISA (individual savings account), you will be able to save £3,600 each year tax free. You also do not pay tax on your savings if you are not an income tax payer, for example if you are out of work.

All local **credit unions** offer savings accounts. Many people who are saving small amounts feel more comfortable saving here. Some credit unions ask you to save with them before borrowing, others do not. Local credit unions offer other services such as Christmas Clubs, which give you savings accounts that you can't access until November, and which earn you a dividend as you save.

What About Informal Saving?

There are a variety of savings schemes offered by shops, and by catalogue companies. Most of these offer you vouchers at an agreed time, such as Christmas, in return for the money you have saved. These schemes can seem attractive where they are run by people you know, and they often seem an easy way to get into a savings habit.

However:

- They often don't offer any interest, so the money you save is worth less when you come to spend it because of rising prices.
- There will probably be restrictions on where you spend your vouchers, at a particular shop or range of shops, or on particular things.
- They aren't regulated, and you aren't covered if anything goes wrong—remember the Farepak scandal in which lots of people lost their Christmas savings.

Some people simply keep their savings under the mattress or in a jar, an adult way of piggybanking if you like. Having small amounts of cash in the house set aside for emergencies is not a bad idea. If the amounts become quite large however:

- You are losing money, cash under the mattress isn't inflation proof, and doesn't earn any interest.
- You are at risk of theft.
- You may find it too tempting to use the money when you would really prefer to keep saving.

Choosing a Saving Product

BEGIN BY:

- Being clear what you are saving for, in particular whether it is for the long or short term.
- Draw up a budget, and decide how much you can afford to save.

THEN:

- Draw up a list of potential savings products- use the resources below, or ask for leaflets from a range of banks and other providers.

THEN COMPARE THOSE PRODUCTS BY:

- Looking at how much money you will make, and how long it will take you to save what you want to. This is dependent on the interest rate that is paid on the product. The technical term for that interest rate is the Annual Equivalent Rate, the AER. Remember
 - Choosing whether the account should offer a fixed or variable interest rate.
 - Finding out the conditions on your account in terms of withdrawing your money.
- Some accounts will give you quick access to your cash, other accounts will ask you to give a period of notice ie 30 days.
- Some accounts will give you a lower rate of interest if you withdraw savings sooner, or more often than is intended.
- Deciding how you want to manage your account, in person or online.
- Asking whether or not your saving will be tax free.

REMEMBER:

- Accounts which you only manage on line may give you a better rate of interest.
- Generally it is the case that the higher the rate of interest, the more notice you will have to give to get at your money.

For Further Information:

- Contact your local Credit Union, details at the back of the guide.
- Money Made Clear:
<http://www.moneymadeclear.fsa.gov.uk/products/savings/savings.html>
- National Savings and Investments:
<http://www.nsandi.com/index.jsp>
- Office for Fair Trading: Booklet on Saving for Christmas-
http://www.oft.gov.uk/shared_ofc/consumer_leaflets/credit/oft924.pdf
- Money Saving Expert www.moneysavingexpert.com

Saving Tips: Keeping Your Sticky Fingers off Your Savings

You can probably remember the flat feeling you had when you were younger, you had blown your savings on sweets, and your piggy bank was now empty.

Don't kill yourself doing so, but it's worth making a real effort to keep back your savings for the reason that you intended.

Remember: Having to make a bit more effort to access your savings can be one way of making sure you don't fritter them away.



Special Savings Products

- **Savings Gateway** - From 2010 onwards people on low incomes will be able to save money in Government approved accounts, with the Government itself contributing a certain additional amount to the account for every pound saved. More details will be found at www.hmtreasury.gov.uk and www.fsa.gov.uk
- **Child Trust Fund** - Unfortunately the government weren't so generous when you were born, but when you come to have kids of your own, they'll be in line to receive money from the Government which gets put into a savings account, and which they can access at 18. You can top this up yourself, and put the money in an account of your own choosing. For more information go to: www.childtrustfund.gov.uk
- **Pensions** - One of the duller topics imaginable, but really important for your own financial future. Hard as it may seem to believe, you will one day be old (it's a bit better than the alternative...). There isn't the space to say much here, but living on just what the Government gives you in retirement isn't easy, and will get tougher. ***Our best advice?*** When you do get a job, take advantage of your employer's pension scheme if there is one. You'll get a tax break from the Government to encourage you to do so, and probably a contribution from your employer as well. If there isn't a scheme at work, make sure you take out your own pension plan. Check out the FSA website.

Getting Covered - Insurance

You can't miss all the adverts on TV for insurance, particularly car insurance, and price comparison websites.

Insurance is important, life can always go wrong; people get ill, things break down, burglaries happen and insurance can protect you against the unexpected. In return for paying your insurance premium (what you pay monthly, yearly), you will be compensated/ receive an agreed amount when an event that's covered by your policy happens.

Insurance is big business, you can insure yourself against almost anything, and use any one of a large number of companies to do so.

It's important to take the right decisions, think carefully about what insurance you need, and look at the small print as well as the cost.

Thinking about Insurance

Asking yourself how you would cope if something went wrong, for example if:

- You/ your partner were to become disabled.
- You/ your partner died.
- Your belongings were stolen, burnt or damaged.
- You were in a car crash.

THEN:

Check if you've already got insurance, sometimes other financial products throw in insurance as part of the deal. If you are already insured, check the details of your insurance to make sure it meets your needs.

THEN:

Compare relevant insurance products that are on offer. **This isn't just about price.** You need to think about the 'small print'. In particular:

- **Exclusions.** Products which at first sight seem the same may not actually cover you for exactly the same things going wrong.
- **Excess.** If you are insuring goods, you will probably have to pay something towards their replacement when you make a claim. Similar looking products may charge different levels of excess.
- Not all companies will offer the same quality of customer service.
- Insurance works by offering cheaper premiums to people who are at lower risk of claiming. That's why you will have to pay more to get your car insured than your folks. You may not always qualify for the cheap deals that you see in adverts.

TO HELP YOU CHOOSE, USE:

- Price comparison websites. If you use these, use more than one, no website covers the whole market. They will give you a range of quotes based on your answers to particular questions. Make sure you give them the right information, and that the quote is based on your personal circumstances.
- A financial adviser/ insurance broker. Make sure that you use a broker or adviser that is on the list of those regulated by the Financial Services Authority.
- If you straight to an insurance provider, they will only provide you with information about their own products.

ONCE YOU'VE BOUGHT, REMEMBER:

- Not keeping up your premiums means that you will lose your cover.
- Your insurance policies will require you to fulfil your own responsibilities. For example, leaving a window unlocked might mean you can't claim for a burglary, even if the burglars smashed their way through the back door.
- Be honest in the information you provide when you take out insurance, and inform the company of any change in your personal circumstances. Not doing so could mean that you will lose your cover.

More information is available at:

Money Made Clear:

http://www.moneymadeclear.fsa.gov.uk/products/insurance/types_of_insurance.html

Bank Accounts...

Key Messages

- **Managing your account effectively is easy if you follow our key tips.**
- **Opening a bank account/ switching a bank account is easier than you might think.**
- **Keeping an eye on your account, and on any information your bank sends you, is important for security reasons.**
- **You are not under any obligation to buy other services that your bank offers you.**

Banks have been a lot in the news over the last couple of years. Whatever you think about bail outs and fat cats, fact is that by the time you leave home, you will almost certainly need a bank account.

Most employers, and the Government, if you're getting any sort of support from them, will need a bank account to pay your wages/ support into.

As well as a place to receive cash, banks give you a safe place to keep your money, and flexibility about the way that you pay for things.

Using Your Account Day to Day

Managing your bank account effectively means thinking about:

- Ways to pay.
- Ways to get hold of cash.
- Managing your account.
- Managing your overdraft, if you have one.

Ways to Pay:

- **Direct debit.** This means that on a regular day of the week/ month/ year an amount, which can vary, will automatically be paid out of your account to the company from whom you purchased goods/ or services. You need to make sure that you have enough money in your account to cover any direct debits you have, otherwise you can be hit by charges (see below).

- Standing order. This is similar to direct debit but is used when amounts do not vary month to month, or week to week.
- Debit card, Switch, Solo, Maestro or Visa. Money is transferred to pay for goods once your card is swiped, and you have signed or entered your pin number.
- Cheque. You can use cheques to pay for goods, but may have to show a bank card at the same time to compare the signature on your cheque. Some places have stopped accepting cheques.
- Cash that you withdraw from your account.

Ways to Access Cash:

- From automatic cash machines- though make sure you only use the ones that don't charge you to withdraw. There will be a limit to how much you can withdraw at any one time.
- You can ask for cash back when you are paying by debit card in some shops.
- Face to face at the counter in your bank, using your cheque book, or your bank card. You might need to do this if you are withdrawing a lot of money at once.

Banking Tips: Managing Your Account

- Beware of bank charges. If you don't have enough money in your account to cover a direct debit or standing order, the bank will generally honour the payment, but will charge you penalties for, and a high rate of interest on, the unauthorised borrowing. Charges can be considerable, even when you only just didn't have enough money in your account to cover the payment.
- Use the information available to you to keep an eye on whether you are budgeting successfully, if you have enough money in your account, and to keep your money safe (see below). Banks will usually send you a statement each month, and you can get balances or mini statements at cash machines.
- Payments made by debit card do not always show up immediately on mini or online statements. If you give someone a cheque they may not cash it immediately and the money will also take a couple

of days to leave your account. When you pay a cheque *into* your account, it may take up to 5 days to come through. All of these things mean that you may have less money in your account than you think. Make sure this does not leave you without enough money to cover direct debits and other payments.

- Cash machines owned by banks will not charge you to withdraw money from them. Cash machines in pubs, shops or petrol stations sometimes do charge. Any machine that charges has to tell you that this is the case. Charges can be as much as £1.75, a lot of money, particularly if you are only taking a small amount out. A good alternative to cash machines like this is to use cash back from shops/ supermarkets.
- If you have a secure connection at home, and are happy using the Internet, managing your account online is a good way of keeping an eye on your money.

Managing Your Overdraft

Once you are 18 most bank accounts will offer you an overdraft. This is a form of borrowing, when a bank agrees with you that over time you will be allowed to spend more than the money in your account up to an agreed amount.

You need to remember:

- You will be charged interest on the overdraft, and there may be other charges attached which mean that you pay for the privilege.
- If you try to make a payment which exceeds your authorised overdraft, this is called an unauthorised overdraft/ unauthorised borrowing, see above.
- **Constantly struggling to stay within an overdraft limit is a clear sign that you need to rethink your budget.**

Choosing an Account

Not all bank accounts are the same, and choosing the right account can make life a lot easier for you.

FIRST (IF YOU ARE OVER 18):

- Decide whether you want a basic bank account or a current account.
 - Basic Bank Accounts tend to have less flexibility in the way you run them than current accounts, in particular they will not generally give you an overdraft and you may be provided with a debit card that is not usable in as many outlets, BUT
 - You can use them to withdraw money from a Post Office, which is not the case for all current accounts.

THEN COMPARE DIFFERENT ACCOUNTS:

Think about the following to help you make up your mind:

- Access to a local branch- and whether you want the option of speaking to people face to face (This can make it easier for you to get help if you run into difficulties).
- Access to on line banking.
- The level of overdraft they offer, and the interest and charges you would pay to use that overdraft.
- The level of charges if you go into an **unauthorised** overdraft.

Opening an Account

If you are opening a new account, the bank will need proof that you are who you say you are, and that you live where you say you live. This is not about them being awkward - they need to establish your identity because of laws designed to stop identity fraud and money laundering.

To prove your identity you can use:

- Current signed passport
- Current UK photo card driving licence.

You can also use:

- Birth certificate/ adoption certificate (under 18s only).
- Letter from your work/ school/ college/ university/ care institution confirming your name, address and their relationship with you (students/ under 18s only).
- National Insurance Card (under 20s only).
- NHS Medical Card (under 18s only).
- Parent/ Guardian confirmation of address (under 18s only).
- Student ID/ matriculation card for current year.
- Student Award Agency for Scotland.
- UCAS letter (students only).
- University/ college letter of acceptance.
- Young Scot Card (under 18s only).

Safety and Security

Banks have lots of safeguards in place to stop people having access to your money when they shouldn't have. Although some of the rumours you hear about scams are just myths, there is no foolproof system for stopping every fraudster.

To help keep yourself safe from ID fraud and other rip offs:

- Keep your pin number confidential.
- Keep your statements safe, and check them for any sign that someone else might have been taking money from your account.
- Shred or burn properly any letters or statements from your bank that you don't want to keep.

Banking Tip: Don't Drown in the Junk Mail Deluge

When you sign up for a bank account, or another financial product, you will start to get letters from your bank and others offering you a range of other financial services.

Sometimes the deals offered may seem attractive, BUT:

- Don't feel that you have to respond.
- Don't feel that you have to take any one product from your bank.
- Think carefully about whether you really need any particular product.
- **If you do need something, shop around for it!**

Helpful Services...

Welfare/ Benefits/ Money and Debt Advice

The following local agencies can provide you with advice in relation to debt, money and benefits issues.

Argyll and Bute CAB (Citizens Advice Bureau) - Riverside, Oban Road, Lochgilphead, Argyll, PA31 8NG Tel: 08456 123 808.

Argyll and Bute Council- Welfare Rights Team

- **Bute** - Dolphin Hall, Dolphin Hall, Manse Avenue, Dunoon, PA23 7AQ
Tel: 01369 708690
- **Dunoon, Cowal and Inveraray** - address as above
Tel: 01369 708645
- **Kintyre and Islay, including Tarbert** - Old Registrar's Building, Witchburn Road, Campbeltown, PA28 6JU, Tel: 01586 552 659
- **Oban and Lorn** - Lorn Resource Centre, Soroba Road, Oban, PA34 4JA Tel: 01631 563068
- **Helensburgh & Lomond** - 45 West Princes Street, Helensburgh, G84 8BP Tel: 01436 658714

Money Advice Service

- **Oban, Lorne and the Isles** - Tel: 01631 567921
- **Bute and Cowal** - Tel: 01369 707 128
- **Helensburgh and Lomond** - Tel: 01436 658 910
- **Mid Argyll, Kintyre and Islay** - Tel: 01546 604 326

- **Bute Advice Centre**, 13 Argyle Street, Rothesay, PA 20 OAT.
Tel: 01700 502 784

The FISH Project

If you are a tenant of a housing association in Argyll and Bute, or if you live permanently with some one who is a housing association tenant in the area, from July 2009 you should be able to get help from **the FISH (Financial Inclusion Services in Housing) project**. This project offers both welfare rights and money advice.

Welfare rights advice on any issues connected with benefits is provided by officers employed directly by the housing associations. These officers cover the whole Argyll and Bute area, including the islands. To make an appointment call your local housing association office.

Money advice specifically for housing association tenants is provided by workers who are based with our partner agencies.

- **In Oban, Lorn and the Isles, and Helensburgh, Dunoon and Cowal**, advice will be provided by **Argyll and Bute Council's Money Advice Unit**. To make an appointment, please contact 01546 604 326.
- **In Mid Argyll and Kintyre, Islay and Jura**, advice will be provided by **Argyll and Bute Citizens Advice Bureau**. To make an appointment, please contact Tel: 08456 123 808.
- **On the Isle of Bute**, advice will be provided by the **Bute Advice Centre** please contact 01700 502 784

National Money Advice Helplines:

If you would prefer to access money advice over the phone you can contact:

- **National Debtline** - 0808 808 4000
- **Scottish Debtline** - 0800 138 3328

Job Centre Plus

At:

- **Helensburgh**, 5/7 Charlotte Street, G84 7PH Tel: 01436 633000
- **Oban**, 1 Miller Road, PA34 4AF Tel: 01631 569300, Freephone: 0800 515923
- **Campbeltown**, 40 Hall Street, PA28 6BZ Tel: 01586 559220, Freephone: 0800 393949.
- **Dunoon**, George Street, PA23 8BB Tel: 01369 763200.
- **Rothsay**, 9 King Street, Isle of Bute, PA20 ODG Tel: 01700 895500.
- **Contact Centre**, Tel: 0800 0556688

Advice about Housing, or if you are worried about homelessness:

- **Argyll and Bute CAB:** housingadvice@abccab.org.uk

Tel: 08456 123 808

Argyll and Bute Council Homelessness Service Community Support Staff:

- **Campbeltown**, Old Quay Head Argyll, PA23 6ED.
Tel: 01586 559054
- **Dunoon**, Dolphin Hall, Manse Avenue, PA23 8DG.
Tel: 01369 708680
- **Helensburgh**, 31 James Street, G84 8BW. Tel: 01436 658806
- **Lochgilthead**, Manse Brae, Argyll, PA31 8QU. Tel: 01546 604763
- **Oban**, Municipal Buildings, Albany Street, Argyll, PA34 4AW.
Tel: 01631 567926
- **Rothesay**, Union Street, Isle of Bute, Argyll, PA20 0HD.
Tel: 01700 501332

Shelter Helpline: 0808 800 4444

Local Credit Unions

- **Bute Credit Union** tel: 01700 502 000
- **Dumbarton Credit Union** (covers Helensburgh) tel: 01369 768 585
- **Islay and Jura Credit Union** contact at Islay and Jura Credit Union Limited, McTaggart Leisure Centre, School Street, Bowmore, Isle of Islay, PA43 7JS ijcu@clara.co.uk
- **Scotwest Credit Union** (whole of Argyll & Bute) tel: 0845 634 7634 or 0141 227 2390
- **South Kintyre Credit Union** tel: 0141 227 2390

Good Money Related Web Resources for Young People

www.connexions-direct.com Range of advice for young people.

www.direct.gov.uk/en/EducationandLearning/ Information from the Government about education and learning opportunities, and financial support to help you take them

<http://www.direct.gov.uk/en/YoungPeople/index.htm> Information from the Government for young people

www.getsafeonline.org. Advice about online safety, including shopping safely

www.moneymadeclear.fsa.gov.uk More information from the FSA for people of all ages

www.moneysavingexpert.com The latest information about deals on money products such as savings, insurance and credit cards, as well as more exciting things like mobile phones and meals out.

www.whataboutmoney.info- Information and links from the FSA.

www.youngscotlaunchpad.org and www.youngscot.org Information from Young Scot.



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The FISH Argyll Project - Welfare Rights and Money Advice

The four housing associations in Argyll and Bute (ACHA, Fyne Homes, Dunbritton Housing Association, West Highland Housing Association) have come together to create the FISH (Financial Inclusion Services in Housing) Argyll project. FISH Argyll hopes to be able to offer both **welfare rights** and **money advice** staff.

We will contact you about this new service as soon as possible.



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