

## Budgeting for change

When a reduction in income is experienced it can be easy to carry on with old spending habits and build up debts or fall behind with financial commitments. Likewise when things happen or when you come to a time of year when your spending levels go up, keeping a handle on what can and can't be afforded can be difficult. Having full awareness of exactly what your income is and what you have available to spend will make it easier to manage. Don't forget the period of time over which you need to budget – if this changes, over the Christmas period for example, make allowances for it.

### Income

Write down all of the monthly income that you have coming in:

- Include your wages (after tax), benefits, contributions from adult children and any other household income that you have.
- What income is fixed? – where you get the same amount every month.
- What income is variable? – when it can change from month to month.

If you have fixed and variable income, see if your monthly fixed income can cover all your expenditure, leaving variable income for holidays, treats and savings.

### Expenditure

Write down your outgoings:

- Regular and fixed monthly expenditure – rent or mortgage, insurance, utilities, council tax etc...
- Regular and variable monthly expenditure – travel, food, household items etc...
- Irregular expenses – repairs, health costs etc...
- Regular payments and commitments – loans, credit cards etc...

### Balance

Once you have done this, deduct your total expenditure from your total income. This will tell you the amount of money that you have each month after you have paid all of your essential expenses. Do you have:

- Enough money to spare?
- Only just enough?
- Not enough - you've got a shortfall?



### What if things don't add up?

- Talk to your lenders about reducing your payments.
- Prioritise expenses – rent/mortgage, council tax and utilities come first.
- Minimise your spending.
- Ask for help from your mortgage provider.

You can also visit [www.moneysavingexpert.com](http://www.moneysavingexpert.com) or similar sites for information on cutting the cost of bills and getting the best deal on various services. As well as this, there is the option of seeking the advice of an independent financial adviser, and they can help you to manage your finances.

### Can you maximise your income?

When a reduction in income occurs it is a good time to look at other ways to increase your income.

Some suggestions are to:

- Check your benefit entitlement.
- Take in a lodger.
- Take on additional part-time work if feasible.
- Sell unwanted or unused items.
- Shop around for the best deals on things like gas, electricity, mobile phone suppliers.

If you need help budgeting for change, please feel free to contact Health Assured.

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