

Let's Talk


**Police
Mutual**

How to Spend Less

December 2024

We are all aware of the current cost of living crisis, with energy prices, and food costs all increasing. In order to still be able to afford everything you need and want you may need to cut back and spend less. Especially with Christmas around the corner.

Before you can start to reduce the amount you are spending, you firstly need to work out what you are currently spending your money on. The best place to start is by writing down everything that you purchase over a typical month, you can then use this list and categorise each item, is it an essential or a non-essential spend.



The list below will give you some guidance:

Essential

- Mortgage or rent
- Utility bills – electricity, gas, water
- Council tax
- Loan or credit card repayments
- Car tax & insurance and fuel for essential travel
- Childcare or child maintenance

Non- Essential

- Mobile phone, internet or subscription TV
- Leisure - eating or going out
- Non-essential food, alcohol and/or cigarettes
- Clothing, footwear, toiletries
- Holidays

The non-essential items will consist of items you have more choice over how much you spend on them, for example, you can buy designer clothes or items from your local supermarket. You can eat out or have a take away or make meals at home. There are also potential savings to be made on expenses in the essential items list too, for example, you may be able to move to a different electricity tariff or change mortgage deals to a lower rate.

Once you are aware of how much you have coming in and going out you can then start to put together your budget.

Tips on how to produce an accurate budget

- Allocate some time as this is not a quick task, it'll probably take a few hours to complete.
- Get together all statements and receipts for at least the last 3 months, preferably 12.
- Decide who your budget is for, just for you or for your whole household.
- Be as accurate as possible with your figures, don't underestimate your expenditure, if you're unsure, go larger rather than smaller.
- Distinguish between credit card debt and spending.
- Check Direct Debit's and cancel old subscriptions and policies.
- Ensure you include annual spending as well as monthly spending, for example, your car mot, service and tax as well as birthday, holiday and Christmas costs.
- Remember you will save money on your monthly costs whilst you're on holiday, for example, on food and fuel.
- Set yourself a daily spend limit based on how much disposable cash you have each month.

Why should you budget?

By putting together a budget plan you'll have a clearer picture of what will be coming in each month and what's going out and your available discretionary spend. It's a good idea to start by working out your monthly income, outgoings, debts, discretionary spends and any large expenses you have coming up in the future.

Your correctly produced budget is a very precise tool for analysing your finances. It will be able to answer 2 questions, 'Do I spend more than I earn?' and 'What can I afford to spend?' Do a money makeover [here](#).

Work out your budget - what money do you have coming in, what do you need to pay for and what's left for paying off any debts or can be saved. Use our budget calculator [here](#) to help you manage your money.

Whatever you have left at the end of the month move into a savings account or plan.



Review your current spending

When looking at your budget there are several ways you can reduce the current amount you are spending, this may include looking at how much you spend on your weekly food shop to decreasing your monthly utility bills or reducing your annual general insurance premiums. More information can be found below.



Are you spending too much?



How to stop! Think!

- Do I need it?
- Can I afford it?
- Will I use it?
- Is it worth it?
- Have I checked if it's cheaper anywhere else?

If the answer to any of these questions is NO... then don't buy it!

Some tips on how to reduce the amount you spend



The first place to start is looking at pain-free savings. These are changes that you can easily make and that won't affect your day to day standard of living, for example changing your utility, broadband or car insurance providers.

- **Review your broadband** - click [here](#) to see if you could save money.
- **Look at your general insurance** - to see if you can save money.
- **Review your mortgage.**
- **Keep up to date** - for all the latest deals and guides, sign up to the free weekly emails from moneysavingexpert [here](#).
- **Available resources** - check out the cost of living survival kit [here](#) and cooking on a bootstrap [here](#).
- **Utility bills review** - You may be able to save on your utility bills or set up a new contract to reduce future costs. An easy way to keep track of the best deals available is to use an App like [lookaftermybills](#) or [uswitch](#).



Once you've completed your budget and gone through any savings you can make, you can then assess if you are now happy with your level of spending. If you still aren't then you'll need to look at other areas to make further savings.

Look at your discretionary spends, things like, haircuts, takeaways meals and coffees and write each one on a post it note. Then rank them in order of which one you would be most willing to stop spending money on, this will prioritise your current spending. If you smoke, would you like to stop, depending on how much you smoke, stopping

could save you thousands of pounds each year. For more guidance on how to stop smoking, read our guide [here](#).

If you are unsure if you are spending too much complete the demotivator tool [here](#) to see how much you are spending on non-essentials.

The demotivator is a great way of talking yourself out of the regular small purchases we make almost daily. Add the information about that weekly takeaway, or your daily coffee, and you'll see how much it adds up over the course of a year, and then your lifetime.



Here are some tips on how to reduce the amount you spend:

Sleep on it – it's a good idea to spend some time thinking about any large spending decisions. Consider the questions above: Do you need it? Can you afford it? Will you use it? Is it worth it? Have you checked if it's cheaper anywhere else?

Work out what it costs in work time – using your hourly rate, calculate how many hours you have worked to make this purchase, was it worth it?

Focus on your debt/savings – keep your end goal in mind, whether that's paying off a debt or saving for a specific item or event, this will keep you focused.

Check if you're spending money on unused subscriptions and payments – cancel any you don't read, use or have more than one of.

Reduce the amount you spend on food by planning meals ahead – go shopping with a list, this will ensure you only buy what you need and won't waste food or money.

Leave credit/debit cards at home – only take the amount of cash you are happy to spend.

Avoid temptation – don't go shopping and remove shopping Apps from your phone.

For every new item you buy, get rid of an old thing – this will make you consider if you really need the new item. You could consider selling the item you no longer use.

Make a list and stick to it – this is especially helpful when doing your weekly food shopping and Christmas shopping.

Try online grocery shopping – you will then not be tempted with items in the store.

Buy shop own brand items – try these cheaper variations and continue using the items you like.

Buy non-perishable items in bulk – bulk buying certain items can save you money each year.

Keep a list of your debts/savings targets in your purse/wallet – this will remind you what you are saving for.

Think of a credit card as a debt card – this mindset change may reduce the amount you spend.

Give yourself an allowance – and stick to it.

Take a packed lunch to work – buying your lunch each day can add up to a large amount over a month

Stop buying take away coffees – take away coffees cost over £3 each, this expense soon adds up.

Stop buying bottled water – use a refillable bottle, this will also be better for the environment.

Avoid take away's and meals out – make your own at home.

Pay off your credit card in full at the end of each month - if this isn't possible move your credit card balance to a 0% card.

Treat yourself occasionally as a reward.



Keeping track of your spending

With us moving more towards a cashless society it can be harder to keep track of your spending, in order to know how much money you have spent and have left, make sure you check your bank balance on a regular basis.



How often should you review your finances?

It is important to review your budget on a regular basis or at the very least when you have a change in circumstances to see where you can make savings and ensure that you are getting the best value for items such as your energy bills, car insurance and mortgage if you still have one.

Ideally you should review your finances annually, if nothing has changed of note in the last 12 months.

In reality, we see large changes to our lives happen pretty regularly, so you may want to consider reviewing your finances every time your circumstances change.

A change in circumstances could be a pay increase, a move to a new work location, a new home, a separation, a new partner, a new baby. Anything that changes your day to day dynamic should trigger a review of your finances.

Christmas

As we are now in December, you've probably already purchased most of your Christmas gifts. However, now is the time when many of us start to worry we've not bought enough. Panic buying can be a problem for many of us as we get closer to Christmas, stay strong and try to stick to your list.

As well as gifts, the other expense at Christmas is food and drink. But for most of us, a lot of this extra food isn't wanted and when the diets start in January, it often ends up being thrown away. So, before doing your Christmas food shop, think seriously about the meals you will be making and what you realistically need and then stick to this list when you are in the supermarket. Think about food from 3 perspectives, your bank balance, your health, and the environment.



Police Mutual Services

Worrying about money can be extremely stressful and may lead to mental health conditions. Police Mutual are here to help. We want to break down the stigma surrounding debt and get people talking about money. We've teamed up with **PayPlan***, one of the UK's leading free debt advice providers, who offer free and confidential advice to anyone in serious financial difficulties. They're able to advise you on a range of debt solutions suited to your individual circumstances, helping to protect you and your family with a sustainable way to manage your debt. Get free and confidential help to combat your debt, call **PayPlan*** on **0800 197 8433**.

For more details on looking after your mental health, read our guide [here](#).

To read our stress awareness guide click [here](#).

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For more information about the products and services available from Police Mutual:

Call us 0151 242 7640
Visit policemutual.co.uk

We're open from
9am - 5pm Mon - Fri

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