

MANAGING YOUR FINANCES (1)

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Signs of personal financial trouble:

- Overdrafts, HPs, Credit and Store cards, High cost loans, complaining about money (income)
- The subtle deception of **Credit score**
- “You shall lend to many and not borrow” – *Deuteronomy 28:12*
- Debts make you a slave to the lender – *Proverbs 22:7*
- Debts can make you poorer – *Proverbs 6:9-11*

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There is a way out of this:

- Build a Budget (**CAP Money** course – budget, Save and Spend wisely)
- Free yourself from Debt – Proverbs 6:1-5
- Tackle priority and High cost debts
- Save to get what you want – Proverbs 6:6

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Planning your finances for the future:

- Saving for the future – Proverbs 6:6-8
- Join a Pension scheme for your retirement
- Life insurance & Funeral plans
- Individual Savings Accounts (*ISAs – 0.5% AER instant access, 0.75% AER fixed*)
- Personal Savings Allowance (*PSA is £1,000*)

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Planning your finances for the future:

- **Dividend** options or Buy shares
- **Income Bonds** (*1% gross AER, easy access, paid gross monthly – taxable. Invest £500 up to £50,000*)
- **Premium Bonds** (*annual prize fund, interest 1.25% tax free, invest £100 up to £1million. Odds are 30,000:1*)
- **Investments Accounts** (*0.45% AER, easy access, Paid gross and taxable*)
- **Building Society & Bank savings** (*1+% AER, instant Saver (0.1% AER); NS&I (0.8% AER)*)

MANAGING YOUR FINANCES

Resources

COMPARING BANK AND SAVINGS ACCOUNTS

www.uswitch.com

www.moneysupermarket.com

www.moneysavingexpert.com

WHAT IF YOU PAY FOR A BANK ACCOUNT

For a monthly fee

Insurance

Breakdown cover

Access to discounts

Cashback

Weigh up the costs of those benefits

Might be cheaper individually

TYPES OF SAVINGS

Savings account

ISA - Individual Savings Account

No tax on profits. You don't have to pay any capital gains tax on profits made from share price increases.

No tax on interest earned on bonds. So you get to keep it all.

No tax on dividend income. Inside an ISA, you don't pay tax on dividends.

Limit of 2016/17 is £15,240 - rises to £20,000 2017/18

PERSONAL LOANS

APR

An annual percentage rate (**APR**) is the annual rate charged for borrowing or earned through an investment, and is expressed as a percentage that represents the actual yearly cost of funds over the term of a loan.

AER

The **annual equivalent rate (AER)** is interest that is calculated under the assumption that any interest paid is combined with the original balance and the next interest payment will be based on the slightly higher account balance.

Overdrafts

Costs for going overdrawn (daily/monthly charges can be very expensive)

Payday loans - very expensive

CREDIT SCORE OR RATING

An estimate of the ability of a person or organization to fulfil their financial commitments, based on previous dealings.

www.experian.co.uk

www.mycreditmonitor.co.uk

PLANNING FOR THE FUTURE

Assessing your financial needs & goals

Saving for retirement / specific goal (e.g. Christmas fund)

Have a plan - how long can you lock money away for?

Do your research

Don't be afraid of calculated risks - you reap what you sow

Do you need advice?

www.moneyadvice.service.org.uk

www.unbiased.co.uk