

# Practical guide to better budgeting



Sainsbury's Bank

## Practical guide to better budgeting

Saving can be a challenge but if approached properly, it can also be rewarding. Get pointers on how to make saving really work for you in this practical guide to budgeting.



### Contents

[See what you're spending – and where to save](#)

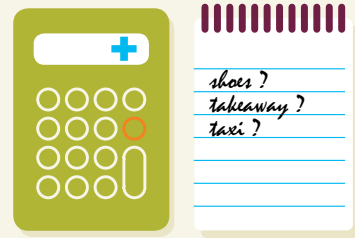
[Top tips for cutting back costs](#)

[More ways to spend less](#)

[Practical steps to saving](#)

## See what you're spending – and where to save

Look at your regular outgoings as well as all those incidental costs to get a true picture of your spending. It's a good way to work out what's essential, what's not and where you might be able to save.



## Add up your expenditure



### Option 1:

**Look at exactly what you spend in a year.** If almost all your spending is on cards and via bank transfers, dig out your debit and credit card statements for the last 12 months. Take a copy and then highlight only what are absolutely essential items.

### Option 2:

**Keep receipts for or write down everything you spend in a month,** put this in a spreadsheet and then scale it up for a whole year. Be sure to include coffees, snacks, buses, taxis and other cash purchases.

### Option 3:

**Set up a spreadsheet on your computer** to keep track of incomings and outgoings – or write them down here.



## Identify your essentials

Once you have the figures in front of you, it can be easier to work out where you could save.

Decide on your essential spending for the week, month and year. Consider things like:

WEEKLY (x 52)	MONTHLY (x 12)	YEARLY
Travel	Rent or mortgage	Insurances
Food and drinks	Council tax	Car tax
Childcare	Utilities, TV and internet	TV licence
Fuel	Loans and credit cards	Home maintenance
Toiletries	Mobile phone contract	Dental care, haircuts
School trips	Contact lenses	Clothes and shoes

You can then make a budget for any income left over, to spend as you wish on 'non-essentials'.



## Top tips for cutting back costs



**1** Work out which debts attract the highest interest and aim to pay these off first. Explore the most favourable mortgage rates – and remortgaging fees – online. You can also shop around to find other ways to save while servicing debts. For example, transferring a credit card balance could save you money on interest although there is usually a charge for this service.



**2** It's possible to move a loan balance over to another provider part way through the term. Looking for the best rate currently available and [consolidating your debts](#) could potentially reduce your monthly outgoings.



**3** Use price comparison sites or surf the net for savings – whether it's on food, financials, foreign holidays or utilities. Shopping around could get you a better deal on day-to-day necessities like gas and electricity, TV and broadband, your mobile contract, mortgage and insurance.



**4** There are plenty of price comparison sites dedicated to helping you to research and switch **electricity and gas suppliers**. Check out some of the energy price comparison calculators out there, from the likes of [Which?](#) or [uSwitch](#).

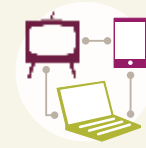


**5** Review suppliers regularly, to make sure that you're still getting the best deal available now.

## Top tips for cutting back costs



**6** Some providers will offer you a better deal to sign up to a fixed annual tariff based on your usual consumption. Even agreeing to pay by direct debit could get you a discount – but keep track of your readings to make sure your monthly charge is accurate.



**7** If you're looking for a better broadband or TV package, compare 'like for like'. Make sure you know what sort of upload and download speeds you'll need for your household – depending on how many of you will be online at any one time. If you're constantly streaming music and movies, a budget option may not be sufficient for you.



**8** Find discount vouchers online to get the best prices on restaurant meals and days out, and make online purchases through cashback sites like [Quidco](#) or [TopCashback](#) to save as you spend.



**9** Clear out clutter and make some money by selling old clothes and household items on [eBay](#) or [Gumtree](#) and trading in books, DVDs and CDs on the [Amazon Marketplace](#).



**10** Sign up for supermarket and store loyalty cards to get money off when you make purchases in-store or [online](#).

## More ways to spend less

How you approach your spending can have a big impact on your ability to save.

Paying close attention to timing is often a way to reduce waste and save more. Choose food with long end dates and seek out last-minute travel bargains – and set your own reminders rather than sign up to automatic renewals. Otherwise you could end up continuing to pay for goods or services by default, by letting an annual contract roll over to another year.



### Food spending tips:

- ✓ Use a **shopping list**.
- ✓ See which online shop offers **best value** – compare your virtual trolley using [MySupermarket](#).
- ✓ Know your **'best before'** from your **'use by'** dates
- ✓ Look at the **cost per unit** (litre/kg) rather than the price to find the best value.
- ✓ Visit the **'reduced' section** to find marked down perishable items.
- ✓ Check for **discounts** and **special offers**.
- ✓ Mix **value brands** with favourite names.
- ✓ **Plan meals** in advance.
- ✓ **Make your own** lunches and hot drinks to take to work.
- ✓ **Batch cook meals** to eat later, and use up or freeze leftovers.



**Travel tips:**

Buying travel tickets well in advance will usually get you great savings. If you travel the same route regularly, consider getting yourself a season ticket.

Think about walking or cycling shorter journeys, and save the car for when there's no alternative but to drive. It's better for your health and well-being as well as your wallet.

When you do drive, drive smarter. There are ways to drive that can make you more fuel efficient. Avoid speeding up and slowing down suddenly – a steady speed saves more fuel. Maintain the right tyre pressure and don't carry more weight than is necessary. (For more tips, check out the Energy Saving Trust's [smart driving techniques](#).)

**Plan holidays carefully by:**

- ✈ Buying flights and booking hotels way in advance or at the last minute.
- ✈ Making good use of price comparison websites like [Netflights](#) and [Skyscanner](#) to find flights, and [Booking.com](#) for hotels.
- ✈ Looking into alternative accommodation options such as [Airbnb](#).
- ✈ Travelling outside of peak periods like Christmas and school holidays. (Remember, if you have children, you will need to get written permission from their school's head teacher for time off during term time.)
- ✈ Choosing value-for-money destinations, like [Bulgaria, Greece, Hungary, India and Vietnam](#).
- ✈ Researching the most cost-effective ways to spend overseas and [how to keep your money safe abroad](#).



## Energy savings

Turn off standby and don't leave chargers on constantly. Think longer-term too: energy saving light bulbs and better insulation will help you save on bills. Check out our guide to [going green at home](#) for more energy saving tips.

## Contracts and warranties

Think about what appliances you need a warranty for. The extra expense is unlikely to be worth it – unless it's for a washing machine, fridge freezer or other substantial item that will cost a lot to repair or replace. Some retailers may give longer than a one-year standard warranty anyway.

Be aware of any automatic renewals – you may find yourself paying for magazine subscriptions or insurance cover you no longer want. It could cost you less and be more convenient to pay for a digital subscription to your favourite monthly magazine and download it direct to your tablet.



## Practical steps to saving

### Be sure to add saving to your monthly budget.

You may have a clear savings goal, whether it's a holiday, a car or a deposit for a home. Even if you don't have something specific in mind, having a little money set aside for a rainy day can bring enormous peace of mind.

### Set a target

Decide what you can realistically afford to put away each month and stick to it. Some online accounts will even allow you to set your own target amount, which can help you on the way to realising your savings ambitions.

Think about paying off any debts first. Low interest rates currently mean that any interest you do earn might not offset the interest paid on credit.

### Get the right account

Use your full annual tax-free ISA allowance every year that you're able to. It's by far the most efficient way to save.

For any additional money you can put away, consider:

- 📌 Choosing a savings account with the right level of access for you.
- 📌 Comparing savings rates for different accounts online.
- 📌 Set aside some savings for emergencies and the rest for your savings goal.

Do the kids also have their own savings accounts? It's never too early to learn to save – you can even get a Junior ISA.

Once your child is old enough, they will be able to get a current account to keep their spending and saving separate. Cash cards for young people will allow ATM cash withdrawals but won't let an account go overdrawn.

### Watch it all add up

Once you've set your budgeting plan in motion, you can sit back and watch your debts go down and the savings add up.



- 1) <http://www.sainsburysbank.co.uk/loans/debt-consolidation-loans.shtml>
- 2) <http://www.which.co.uk/switch/>
- 3) <http://www.uswitch.com/gas-electricity/>
- 4) <http://www.quidco.com/>
- 5) <http://www.topcashback.co.uk/>
- 6) <http://www.ebay.co.uk/>
- 7) <http://www.gumtree.com/>
- 8) [http://services.amazon.co.uk/services/sell-online/how-it-works-pro.html?ld=SEUK-SOAADGogBROPTamazon\\_marketplace](http://services.amazon.co.uk/services/sell-online/how-it-works-pro.html?ld=SEUK-SOAADGogBROPTamazon_marketplace)
- 9) <http://www.google.co.uk/sheets/about/>
- 10) <http://www.mysupermarket.co.uk/>
- 11) <http://www.energysavingtrust.org.uk/Travel/Driving>
- 12) <http://www.netflights.com/>
- 13) <http://www.skyscanner.net/>
- 14) <http://www.booking.com/>
- 15) <https://www.airbnb.co.uk/>
- 16) <http://www.skyscanner.net/news/10-worlds-cheapest-countries-go-holiday>
- 17) <http://www.sainsburysbank.co.uk/library/default/resources/keeping-your-money-safe-abroad.pdf>
- 18) <http://www.sainsburysbank.co.uk/library/default/resources/how-to-go-green.pdf>

This PDF aims to be informative and engaging. Though it may include tips and information, it does not constitute advice and should not be used as a basis for any financial decisions. Sainsbury's Bank accepts no responsibility for the content of external websites included within this PDF. All information in this PDF was correct at date of publication.

## **Terms and Conditions:**

Sainsbury's Finance is a trading name of Sainsbury's Bank plc. Sainsbury's Supermarkets Ltd is an appointed representative of Sainsbury's Bank plc. Sainsbury's Bank plc, Registered Office, 33 Holborn, London EC1N 2HT (registered in England and Wales, no. 3279730) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Register no. 184514).

This guide was published on 31/07/2014