

WATCHING THE PENNIES

In the current economic climate, managing your family finances can be tough. Making cuts and saving money needn't be too much of a hardship with our helpful tips.



While the average person on the street might not understand the complex causes of the credit crunch, every single one of us is feeling its impact. For the first time ever, Save the Children – which normally only helps those in war-torn or famine-stricken countries – handed cash grants to the UK's poorest families in April. 35% of parents admit they've cut back on food spending because the cost of food has risen by more than 10% in the past year. Add to that the impact of the financial crisis on other areas of life, such as employment, utility bills, mortgage costs, individual debt... and it seems some families are facing real hardship.

Money (or lack of it) can place real pressure on families, but there are many things you can do to soften the impact of the recession. A report by Moneyfacts found that UK families are having to scrape together an extra £640 a year to deal with the extra costs of the credit crisis, but there are steps you WWcan take to make life a little easier on your wallet.

The best advice we've heard so far is: "Live according to your means, not up to your expectations." And remember, cutting back doesn't have to be a hardship – get the whole family into money saving and you may find that being thrifty and spotting bargains is actually quite fun.

BUDGET!

Budgeting is a vital tool in saving money – knowing what you've got coming in and going out each month helps you balance your finances and know what you've got left for paying debts or topping up savings. Check out the online budgeting tool at www.moneysavingexpert.com to help figure out your family's finances, or visit www.moneymadeclear.fsa.gov.uk for more advice.

BILLS, BILLS, BILLS

The cost of utility bills seems to be constantly increasing but there are ways to save on the costs of phone calls, gas, electricity and water. Firstly, switch. Use a comparison site like www.uswitch.com to check you're getting the best deal – it can also be cheaper to pay by Direct Debit too. Make sure you're on the best tariff for your mobile and landline, and register with a site like www.1899.com – it costs nothing, but will save you a fortune on landline and international calls.

Plenty of money saving tips are also great for the environment too, like switching appliances off at the wall once you've used them or using energy saving bulbs, which can both dramatically trim your bills. It's also worth checking with your local council to see if you're eligible for council tax benefit or deductions. For more advice, visit www.moneysavingexpert.com. Run by TV finance guru Martin Lewis, the site can save you a fortune – the site's money makeover can give the average person an effective 25% pay rise just by cutting back and searching out good deals.

WORK WORRIES

Job insecurity is a big worry for most people and is becoming a reality for thousands of Scots as they're laid off or forced to work shorter hours. Businesses linked with the housing trade and banking are some of the hardest hit, but with high street shops closing and companies going under, many Scots are feeling anxious about their futures.

Financial experts recommend you save enough to live off for six months in case the worst happens, but that might seem an almost impossible task at the moment. The best thing to do is prepare yourself – write up your CV now so you're ready to fire it off to prospective employers if you lose your job, check what benefits you may be entitled to if you do become unemployed, and make sure you know your rights in the workplace when it comes to being laid off or made redundant – the Advisory, Conciliation and Arbitration Service is the best place to start, at www.acas.org.uk

ARE YOU ENTITLED?

Thousands of people across Scotland are missing out on benefits they're entitled to. If your family income is less than £58,000, it's likely you'll be eligible for support like Working Tax Credit, Child Benefit or Child Tax Credit. To make sure you're not missing out, visit www.entitledto.co.uk, where you can

input your details and find out what you could claim.

UP TO YOUR EYES IN IT?

Many of us have debts in the form of personal loans, credit cards and overdrafts. While it can be tempting to build up a fund for emergencies, it's more important to rid yourself of your debts as quickly as possible. Saving for a rainy day is a false logic according to money saving expert Martin Lewis, who explains it this way: "Clearing debts saves you money, and even if an emergency happened you could simply use your credit cards to borrow the cash back, making you no worse off overall."

If money is tight and you're struggling to pay back cash you owe, speak to the lender first of all to see if you can work out a way of spreading the cost or reducing your payments. If that brings no joy, contact your local Citizens Advice Bureau or get in touch with the Consumer Credit Counselling Service (0800 138 1111 / www.cccs.co.uk) or National Debtline (0808 808 4000 / www.nationaldebtline.co.uk). If things are looking bad, don't sit back and let the worst happen, and under no circumstances use a loan shark to borrow money.



Turn over for tips on how to save on food shopping...



OFF YOUR TROLLEY

While supermarkets battle it out to offer the cheapest trolley loads, shoppers are finding ever more wily ways to save on their weekly shop – for starters, people aren't buying as much organic anymore and sales of tinned foods have gone up by almost 10% as families hunt out better value produce. Cutting back on food spending is one of the easiest and most effective ways of reducing your spend, so here's our advice...

* PLAN AHEAD

If you plan your meals for the week ahead and buy all the ingredients in advance, you're less likely to waste food plus it'll help your budgeting.

* BRAND POWER?

Try a change from your usual brands – cheaper products are often indistinguishable from their more expensive versions, so it's worth giving them a go.

* TAKE ADVANTAGE

If you don't already have one, get a loyalty card for the stores you visit most. You'll be able to spend points earned in the shop and enjoy additional benefits like money-off coupons.

* BE DEAL SAVVY

Lots of supermarkets offer great deals on ready meals if it's a special occasion.

For nutritious basics head to your local Co-op where, each week, five different fruits and vegetables are offered at half their usual price.

* BULK UP

Bulk buying often works out cheaper than buying smaller items. Look on the supermarket shelf label for the price per kg to see the real difference.

* FULL OF BEANS

Beans, lentils and pulses can be used in plenty of dishes (often instead of meat). They're cheap, filling and good for you too, so don't forget to stock up.

* CHEAP CUTS

Cheaper cuts of meat are a good option if you're looking for a bargain at the butcher's counter. Beef skirt, pork hock or chicken thighs are tasty choices.

* LUNCH BUNCH

For parents who work, the cost of buying lunch and coffees each day can really mount up. Take your own and make sure your kids are getting the best value for money for their school lunches too – a packed lunch may be cheaper.

* USE YOUR IMAGINATION

It's easy to get stuck in a rut when cooking for your family. Don't be afraid of offering the kids something new if it saves cash. Look online or visit the library for healthy, good value recipes.

QUICK FIXES

There are lots of ways to save money or generate cash quickly. We recommend the following:

Have a 'swishing' party – get together with friends and swap clothes you haven't worn for a while.

Use cash – take out a set amount at the start of the week, keep it somewhere safe and don't touch your cards! Spending cash makes it much easier to keep track of your money.

Share the journey – if one of the mums at school lives nearby, take it in turns to do the school run or agree to car share next time you both need to go to the shops.

Shop around – find the best bargains online.

Have a clear-out – anything you don't want can be sold on eBay, carbooted or given to charity.

Quit smoking – if anyone in your household smokes, thousands of pounds of your family budget will be going up in smoke. Call the NHS Smokeline on 0800 84 84 84 for support.

Want a family day out? Visit your nearest free museum to see what's in store.

Ring the changes – 0845 and 0870 numbers can cost a fortune to ring. Check out www.saynoto0270.co.uk for cheaper or free alternatives.

Use your skills – you might be good at baking or have green fingers in the garden, so why not swap your skills for someone else's? Have a trusted friend babysit your kids in exchange for a week's supply of homemade bread, or agree to run your neighbour's kids to school for a fortnight in return for a new pair of curtains.

Be a bookworm – if you're not a member of your local library, get the whole family to sign up. As well as books, you can also borrow CDs, DVDs and computer games. That little library card could save you a fortune!

Trim the fat – do you really need that digital TV subscription or gym membership? Have a think about the non-essentials you can do without, and get together with the kids to think up some family-friendly, cheaper alternatives!



DISCLAIMER

The information within this article does not constitute financial advice. It is intended to provide general information only and does not offer advice relating to your specific circumstances. It is recommended that you discuss your specific requirements with an independent financial adviser.