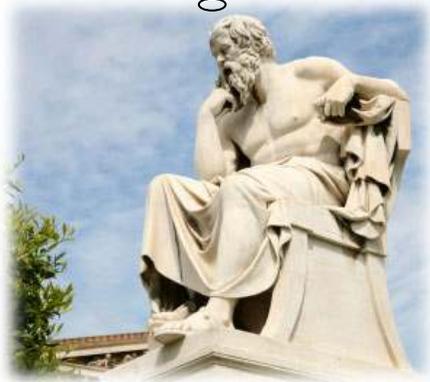




# Financial Planning Wales

## Austerity For Everyone!

How can I save myself a few quid with all this austerity going on?



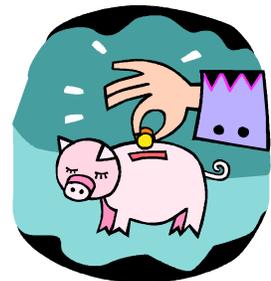
With the World Economy continuing to struggle and the media informing us of the next impending disaster, people everywhere are trying to make sense of it all and what it means to them.

Austerity conjures up images of harsh times and the Great Depression of the 1930's; however we hope this document will give you some ideas as to how to apply your own austerity measures that you can follow not just today but through the good times as well.

Not every idea will suit everyone, or every pocket, but we hope they will give you food for thought and ensure that you carefully consider every aspect of your finances - over the years the small numbers will make a big difference.

### **Mental Accounting? Hurry up and wait!**

If you receive a windfall; whether it's a gift, inheritance or tax rebate it is human nature to think of this as "treat money" rather than earned income or capital accumulated - the result it is often spent on items that have little or no tangible value. We are not saying don't spend it, but what we are saying is don't rush; put the money in a deposit account for 3-6 months and don't think about it. At the end of this time you are more likely to think of the cash as savings and spend it prudently.



### **Raise your excess!**



If you have savings - no matter how modest - you could improve your cash flow by raising the excess that you would pay in the event of a claim on your car or house insurance. For example if your car excess is £100 and you have £500 in savings and would be willing to use it in the event of a claim then increase the excess to £400 that should reduce your monthly premium making significant savings over the years - and drive carefully!



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### Keep the plastic under control



Despite what we have seen over the last few years (“The Credit Crunch”), when used sensibly credit has played a pivotal role in the World’s development and growth. It is worth remembering that a Credit rather than a Debit Card does provide a useful measure of security.

Section 75 of the *Consumer Credit Act of 1974*. States that all purchases valued between £100 and £30,000 have automatic liability protection jointly responsible by the retailer/supplier and your credit card company. Imagine if that Low Cost airline went bust?

### Small potential losses? Self Insure

Buying white goods or appliances is an expensive business, and the vendor is always keen to tell you about the extended care or warranty that you can purchase from them.

Why not save the money by setting aside an amount each month that by the end of the year would give you enough capital to replace any one of your appliances if things do go wrong - if they don't you have the money.



### Maximise your tax efficiency reduce your tax burden



With a little bit of work and planning you can make your investments and savings work that little bit harder, think: -

- ISA Allowances
- National Savings Certificates
- Pension Contributions
- Married? Make sure the lowest rate taxpayer receives the interest on your deposits by putting the account in their name
- Flexible mortgages are ideal for emergency funds - reduce your monthly payments and save interest until the monies needed.

***As we mentioned at the outset this document does not provide advice, but we hope it will help you think about your finances and make more considered decisions that will help improve your overall wealth. The ideas are based on steps we have taken in our own personal lives that we feel have worked well and could be utilised by many.***