



red dandelion
COACHING

MONEY: LEARNING TO USE IT WISELY

I'm sitting in my new flat in Weymouth. The french doors are open, the sun is streaming in and I can see the sea shimmering in the distance. I feel very lucky to be here and to have made one of my dreams come true. Thank you to all of you who have sent me cards and messages wishing me well – I have been really touched by your support.

Moving is an expensive business. Having been a nomad over the last 30 years, I'm used to the main moving costs, but it's all the little things that you didn't think about, that catch you out. None of them are that big, but collectively they add up to quite a lot. Both my credit card and overdraft are currently bearing the strain of this. I know how easily an over-spend like this can start to accumulate into long term debt. Time then to get back on track with my money – and so it seemed a good time to share with you my tip on money that I wrote for in my mini booklet: *Ten Top Tips for a Tiptop Life*.

Making money work for you



Money makes the world go round – so the saying goes – yet people rarely seem to make their money go round very well for them. And this, by-the-way, is true no matter how much or little someone is earning.

I believe there are two main reasons for this: firstly, money management is not taught at school, so how we handle money is often influenced by what our parents taught us – intentionally or not; secondly people imbue money with all kinds of powers that it doesn't have, so their decisions are influenced by what they believe about money.

Money is just a form of energy. It is a just a tool that helps you achieve what you want from life. But many people don't see it like that. They believe that money can do all kinds of things – from making them happy, to believing that is they have too much, they won't know who their real friends are!! But lets start with the more straightforward, nitty-gritty side of things.

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Money management

Good money management in its simplest terms means spending less than your income, planning for your bigger expenditures, regular savings to create a reserve and having a plan to financial independence. Sounds easy! And in principle it is! Let's look at this in more detail, so the hard part (putting it into practice) can start to become a reality.

Managing expenditure

Most people know their monthly incomes, but few people know what their monthly expenditure is, nor what the breakdown is. So this is the first step. To find out where your money is going, start recording it. Some of your expenditure will be regular monthly outgoings: mortgage (or rent), utilities, insurance etc. Write these down. For the everyday expenses, start vigilantly collecting receipts for everything, then recording these in either a notebook or in a spreadsheet like Excel. Do this for at least one month – ideally for three. Doing it for this period of time will give you a good picture. This exercise is an eye-opener: you may be really surprised where your money goes.

Budgeting

Now you know how your money is being spent, you can make a budget for yourself. If your expenditure is less than your income – great! Are you managing to save enough to create a reserve of money for yourself? If you would like to increase your savings, look over your expenditures – what changes could you make? Are there some little luxuries that you could cut back on? Perhaps the sandwiches you buy whilst at work, or magazines, or DVDs, or...? If you currently don't save could you set up a standing order for a small amount to go straight into some form of savings account?

Credit cards

If your expenditure is more than your income, then you're probably playing the credit card game. Huge numbers of people are living in credit card hell. It's so easy and so tempting to get credit. "Buy NOW: pay later". This is the message the credit card companies sell to us. But very few of us work out when we could truly pay back on our purchases and even fewer of us know the real cost our cards are costing us. If you have a credit card with a balance of £2,000 on it and you opt to pay only the



minimum amount, this debt could be costing you around £300 a year or worse still, if it's a store card, it could be as much as £600 a year! And you still owe the £2,000 or possibly more if your monthly repayments are less than the interest accumulating. For lots of people £2,000 on a card is nothing: 5, 10 or even 15,000 is not uncommon. At these levels, the cost of your credit card becomes excruciating.

If you are juggling credit cards, find out more about how to manage your debt, visit The Citizen's Advice Bureau or seek professional advice, but please don't just bury your head in the sand: you need to deal with it now as it will only become worse if you don't.

Beliefs about money

Below are just a few commonly held beliefs about money:

- It's hard to earn good money.
- Money doesn't make you happy.
- The rich get richer: the poor get poorer.
- If I earn too much money, I won't be able to pay my taxes.
- If you have a lot of money, you don't know who your real friends are.

All of the above are completely false. Money is just a tool. It does not have the power to make you happy, or sad, or choose your friends. But as in the tip, "Steps to Make your Dreams come True", what you believe about money, you will experience.

Trying to ditch your misheld beliefs about money is not always easy: but becoming aware of them is the first step to your transition. This little game might also help. Take a piece of paper and write down 50 of your beliefs about money. The first 15–20 will come to you easily. The next 15 will be quite hard and the last few might take several days to come into your mind: but these last few are often quite revealing. Now take your paper into the garden and set fire to it. Watch the words on your paper turn brown and disappear as they curl-up into ash. Let this symbolise the releasing of these beliefs that are holding you back from having a financial reserve.

Make today *the day*, you started to take care of yourself regarding money. If you need help in getting on top of your money – coaching can help you. Call me!

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