

# **Have you got financial problems?**

**Practical advice on saving money and dealing with  
debt**

**by**

**Tony Higton**

The recession is getting worse.  
2,466 people are made redundant every day  
Every 10 minutes a property is repossessed  
One person is declared bankrupt or insolvent every 4.8 minutes  
Average household debt: £59,702  
Daily increase in debt in UK: £135m

Maybe you're worried about being able to pay your mortgage or other debts. Maybe you're worried about declining savings and loss of interest on which you have been relying. Here are some suggestions:

- 1. Decide you must face up to the situation** however threatening it might be to do so.
- 2. Don't despair:** help is available.
- 3. Pray:** prayer relieves stress and God answers prayer. There are some suggested prayers below.
- 4. Add up all of the amounts you owe:** sit down with piece of paper and a calculator, include credit card bills, mortgage or rent arrears, short term loans, etc; but don't panic as the local Citizens Advice Bureau can help with the numbers if you need them to.
- 5. Plan how you can cut back your spending:** Here are some suggestions:

#### CUT DOWN ON LUXURIES

- For example, cut down on DVDs, CDs magazines, cosmetics, leisure costs,
- unnecessary subscriptions, etc.
- Much magazine information can be found on line. Check out your favourite
- periodicals' websites.
- Work out what you can live without.

#### AVOID IMPULSE BUYING

- Carry only the cash you need and leave the credit cards at home.
- Write down an item you think you need and sleep on it for a time to check you really need it.
- Don't make shopping a recreational activity. Avoid "retail therapy."
- Have a carefully planned list and buy only what is on it the list.
- Don't assume you need something simply because it is on special offer.

#### BE CAREFUL WITH CREDIT CARDS

- Get rid of some (or all) credit cards if you tend to impulse buying.
- Leave your credit card(s) at home unless you are making a planned purchase.
- Pay credit card bills in good time to avoid interest and late payment fees.

### SAVE ON FOOD

- Eat more simply.
- Make more meals rather than buying ready meals.
- Shop at lower-priced food stores.
- Compare prices.
- Buy more store brands than name brands.
- Limit going out for meals
- Take packed lunches rather than using fast-food restaurants.
- Plan a weekly menu, list the necessary ingredients and shop accordingly.

### SAVE WATER

- Turn the tap off whilst brushing your teeth, washing dishes, etc.
- Take a shower instead of a bath (a shower takes 5 times less water).

### SAVE FUEL

- Switch off unnecessary heating
- Use low energy (LED) bulbs.
- Turn off lights when you leave a room.
- Turn down the thermostat at night and while you are out.
- Unplug appliances and electronics. Don't leave them on standby.
- Wait until you have a full load before using the dishwasher or washing machine.
- Don't overfill a kettle.
- Always use the smallest convenient pan on the smallest ring on the cooker.
- Have your house insulation check, e.g. roof and cavity wall insulation.
- Install energy-saving windows.
- Wear warmer clothes (thermal underwear!), put on sweater etc.

### SAVE ON THE PHONE

- Research different phone services to find the most economical package. Repeat this occasionally.
- Keep a check on expensive calls.

### SAVE ON THE CAR

- Walk rather than drive when possible.
- Plan combined rather than multiple trips e.g. do all the food shopping once a week.
- Keep the car well maintained to avoid major and unexpected repairs
- Keep the tyres properly inflated to improve fuel consumption.
- Avoid driving in the rush hour if possible. This avoids stop-go driving which increases fuel consumption.
- Avoid heavy acceleration or heavy breaking which increase fuel consumption.
- Turn the engine off if you're stationary for a few minutes.
- Remove unnecessary weight from the car.
- Wash the car by hand to save car wash costs.

## SAVE ON INSURANCE

- Shop around (e.g. on the internet) to find the best deal.
- Pay annual premiums which are cheaper.
- If you have more than one car insure with the same company which is cheaper.

## MISCELLANEOUS

- Shop on line which can be cheaper but only use reputable companies and follow normal security procedures.
- Buy in bulk where possible, which is cheaper.
- Compare prices using on-line comparison sites.
- Pay bills on time to avoid penalties.
- Pay by Direct Debit if this means receiving a discount.
- Always carefully check the small print especially over promotional offers including for mortgages and special offer loans. Mortgages, for example, are not just about the APR (Annual Percentage Rate) as there may be a maze of penalties to tie a customer to charges and punishing payments.

## 6. If you are in debt, put an escape plan in place:

**Credit Action** on their website [www.creditaction.org.uk](http://www.creditaction.org.uk) suggest the following steps, each of which they explain in practical detail:

Step 1 - Contact all creditors: the website includes a suggested letter.

Step 2 - Decide priorities: i.e. which debts need to be cleared first.

Step 3 - Prepare financial statement.

Step 4 - Maximise income: The website outlines allowances and benefits which may be payable.

Step 5 - Review expenditure.

Step 6 - Negotiate with priority creditors: the website includes a suggested letter.

Step 7 - Negotiate with secondary creditors: the website includes a suggested letter.

The website also gives helpful advice about avoiding Court Proceedings and avoiding House Repossession. It also gives a very helpful and practical Sample Budget which can enable you to work out a sensible and manageable budget.

**The Consumer Credit Counselling Service CCCS** is a respected registered charity offering free, confidential advice and support to anyone who is worried about debt. See [www.cccs.co.uk](http://www.cccs.co.uk) for anonymous help or ring their freephone helpline 0800 138 1111 to speak to a Debt Counsellor. They provide:

- An immediate assessment of your situation and emergency help,
- Self-help material or
- The offer of a counselling appointment.
- Help in dealing with creditors – to freeze interest, stop penalties and charges, arrange a longer payment period and sometimes reduce the sum. CCCS is respected in the field.
- Detailed help with budgeting.

**Community Money Advice** provides a free Self Help Pack for download [www.communitymoneyadvice.com](http://www.communitymoneyadvice.com). It suggests the following steps, each of which they explain in practical detail:

Step 1 - Work out what money you have coming in and how much you need to live on.

Step 2 - Make a list of all the people you owe money to and how much.

Step 3 - Sort out which debts need to be given priority and how much you can afford to give those creditors.

Step 4 - Offer your other creditors a percentage of any further available income i.e. the biggest sum to whom you owe the most.

The website includes a helpful practical Financial Statement Form which enables you to put down your complete income and expenditure, your priority debts and non-priority debts. It also includes draft letters to creditors.

**The Church of England** provides financial and debt advice including an interactive Excel spreadsheet which will help you to create a balanced budget [www.cofe.anglican.org/debt/strugglingwithdebt](http://www.cofe.anglican.org/debt/strugglingwithdebt).

It also offers the following advice:

#### ***Put an escape plan in place***

- Step one of escaping 'bad debt' is to take back financial control - which means cutting spending, and putting a repayment plan in place.
- One of the best starting points is to create a set of priorities in terms of how debt on cards and loans will be repaid; in most cases it is best to pay off credit cards first, starting with those of the highest APR.
- When behind with some payments, it may be necessary to renegotiate payment terms with some of the companies money is owed to.

#### ***Three 'action steps' to better finances***

- Planning future spending is necessary via three common sense action steps - to ensure the hard work put in to get personal debt under control is not cancelled out by more over-spending.
- Cutting outgoings even for a few months leads to healthier patterns of spending, as decisions are made as to what is essential and what isn't - the end result being a tried-and-tested household budget; the new interactive resource (see above) will help you to create a balanced budget, and it is a good idea to open a second current account to pay known bills, transferring by Standing Order the right amount to pay the bills every month from your original account.
- If something is too expensive now it is quite likely it will be in future too - and a second important action step is to develop an understanding of the true cost of interest free credit before making a big purchase; it often just delays the process of sinking deeper into debt.
- A third step in the right direction is to fully understand that financial institutions and banks are there to make a profit no matter how compassionate their advertising campaigns; think about what is in it for them when arranging credit, especially when paying off outstanding bills with credit card cheques - which often have high charges.

## **Re-examine your priorities:**

- The causes of the present crisis include rampant materialism, greed, irresponsible speculation and “the love of money which is the root of all evil.” Check if you have any of these attitudes. It was Jesus who said: “You can’t serve God and Money.” Money is an unreliable “god” and doesn’t warrant the faith many people put in it.
- No-one can do without money but our real priorities should be life itself, health, good relationships, caring attitudes and facing up to ultimate questions such as: What is the purpose of life? Do I have a duty to God? Is there a heaven and, if so, what do I need to do to be sure of getting there?
- The recession is an opportunity and a wake-up call to get back to basics.

### ***A prayer for the current financial situation***

Lord God, we live in disturbing days: across the world, prices rise, debts increase, banks collapse, jobs are taken away, and fragile security is under threat.

Loving God, meet us in our fear and hear our prayer: be a tower of strength amidst the shifting sands,  
and a light in the darkness;

help us receive your gift of peace, and fix our hearts where true joys are to be found,

in Jesus Christ our Lord. **Amen.**

### ***A prayer for those facing redundancy***

'Redundant' - the word says it all - 'useless, unnecessary, without purpose, surplus to requirements.'

Thank you, Heavenly Father, that in the middle of the sadness, the anger, the uncertainty, the pain,  
I can talk to you.

Hear me as I cry out in confusion, help me to think clearly, and calm my soul.

As life carries on, may I know your presence with me each and every day.

And as I look to the future, help me to look for fresh opportunities, for new directions.

Guide me by your Spirit, and show me your path,  
through Jesus, the way, the truth and the life. **Amen.**

### ***A prayer for those remaining in the workforce***

Life has changed: colleagues have gone -redundant, out of work.

Suddenly, what seemed so secure is now so very fragile.

It's hard to know what I feel: sadness, certainly, guilt, almost, at still having a job to go to,

and fear of the future: who will be next? how will I cope with the increased pressure of work?

Lord Jesus, in the midst of this uncertainty, help me to keep going: to work to the best of my ability,

taking each day at a time, and taking time each day to walk with you

for you are the way, the truth and the life. **Amen.**

© *Tony Higton: see conditions for copying on the [Home Page](#)*



**Tony Higton has been an Anglican Minister in Newark, Cheltenham, Essex, Jerusalem and now near King's Lynn. He and his wife produced church development strategies and resources, and have spoken at conferences around the world.**

**For 14 years Tony stood for biblical doctrine and morality in the General Synod and frequently witnessed on TV, radio and in the press. He has also written several books.**

**Later he became General Director of the Church's Ministry amongst Jewish People (CMJ), and also Rector of Christ Church, Jerusalem. In addition to evangelism, he emphasised reconciliation between Israelis and Palestinians. His email newsletter ([tony@higton.info](mailto:tony@higton.info)) informs Christians to pray about the Holy Land, taking the need, pain and fears of both sides seriously.**