

PSYCHOLOGIES

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MAGAZINE

PERSONALITY

FITTING IN:
The secrets
of social
success

+ **TEST**

SELF

**BREAK FREE
FROM THE 'I'M
SPECIAL' TRAP**

COUPLES

**LEARNING
TO LOVE
(ALMOST)
ANYONE**

SPECIAL 20-PAGE SECTION

TAKE CHARGE OF YOUR LIFE

GET CONTROL OF ■ YOUR EATING ■ YOUR SPENDING ■ YOUR TIME...

HOW TO TAKE BACK WHAT YOU'VE SAID

**FAST
THERAPY**

'How can
I beat my fear
of failure?'

MARCIA
CROSS

'I was single for 10 years
and it was worth it'



how to... TAKE CONTROL OF YOUR FINANCES

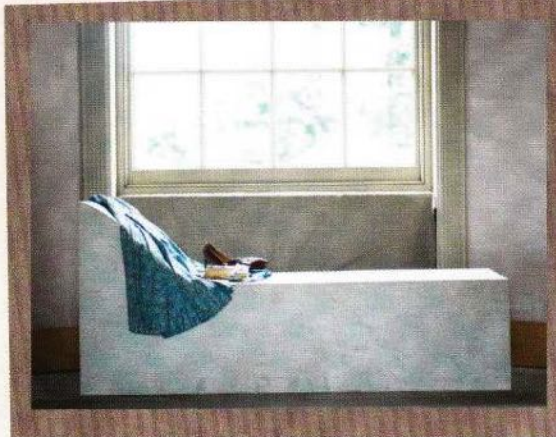
Take it one step at a time, says Hannah Borno, and you can turn in to someone who budgets

TAKE ACTION

A lot of women avoid getting to grips with their finances because they don't want to see themselves as 'that sort of person'. But contrary to what you might believe, not planning your finances does not stop you worrying about money.

'Fear comes from over-thinking and leads to feeling overwhelmed,' says Professor Karen Pine. 'Action is the best antidote. By breaking down what we have to do into small steps we feel less scared. Nothing beats the liberating sense of empowerment we feel when we take control of our finances ourselves.'

Keeping a spending diary is a powerful way to reveal your habits, and a first step to getting on top of your finances.



Spending diary 1

Hannah Borno, 36, is married with a mortgage. She has no savings, no pension and no debts.

MONDAY

- Cappuccino. I get one three or four times a week. It gives me a boost in the morning. **£2**
- Soup and sandwich at lunchtime **£5.95**
- A friend's just had a baby, so I buy some nice bread, quiches and some coffee

eclairs for her. I also buy bread for the week **£18**

- Taxi home from the Tube because it's raining **£6**

TUESDAY

- Magazines, fizzy drink and mobile phone top-up voucher **£34.45**

- Toiletries **£8.53**
- Cinema **£8**
- Two rounds in pub **£18**

WEDNESDAY

- Cappuccino **£2**
- Take-away sushi for lunch, a luxurious treat **£7.50**
- The kitchen's a mess, so my partner Charlie and I pop down to the local pizzeria, a regular mid-week treat.





We also get a bottle of red wine because we need to discuss some vital life issues. My share of the bill **£16**

THURSDAY

- Cappuccino **£2**
- Lunchtime sandwich and coffee from café across the road from the office **£5.55**
- Kitchen still a mess and I'm working in the evening, so

Charlie nips out for a takeaway curry. My share **£14**

- Two bottles of beer **£3.50**

FRIDAY

- I've taken in some curry and rice and tomato salad for lunch, so don't buy my lunch out today. Feel pleased with myself for the saving.
- Paper for the journey home from work **50p**

- Supermarket shop for basics **£18**

- DVD fines **£4**

- Ebay spending spree. I get a crazed yen for moccasin boots. By the time I've left the computer I've bought three different pairs of fringed boots on the 'buy it now' option and put in maximum bids for two others. Feel as if I've just snapped out of a trance, ill at ease and guilty. Know I'll be surprised when I see the bank statement and when the boots start arriving at the house. Avoid mentioning fringed boot aberration to Charlie **£135**

SATURDAY

- Cappuccino **£2**
- Spot a market stall selling bargain All Saints seconds **£30**
- Go to a friend's house for dinner. Wine and some flowers **£18**
- Cab home because the Underground has shut **£7**

SUNDAY

- Have 'won' another pair of nearly new moccasin boots on ebay. Flooded with relief because I didn't win the other pair **£36**
- Brunch **£14**
- Lilies and tuberose from the flower market **£15**
- Second-hand crockery for the kitchen from market **£14**
- Second-hand oil painting **£10**
- Two second-hand summer dresses **£10**
- New porcelain mugs and vase on sale **£25**

TOTAL: £489.98

Turn the page for expert analysis of Hannah's spending



◀ **Professor Karen Pine from the University of Hertfordshire and sheconomics.com:**

This is a typical example of chaotic spending with no provision for the future. There is lots of emotional spending, showing a need for comfort and reward and suggesting she is getting less intrinsic reward from other things. Spending on meals out in order to have a heart-to-heart could be masking intimacy issues. Spending on friends is also high here and some people do this because they feel valued by what they can buy people. Much of the spending seems to be triggered by boredom and a need for instant gratification.

Financial coach Simonne Gnessen at financial-coaching.co.uk:

This is mainly discretionary, or non-essential, spending so there are big savings to be made. Drinking coffees like this costs about £400 a year, and buying lunch at work costs about £80 a month. When people are working hard and are tired they often don't want to cook, so go out and treat themselves, but those work pressures can sometimes be excuses. There is lots of 'bargain' spending here, on ebay and on second-hand stuff, which also adds up. This false sense of security owing to lack of debt is common, but if you have no savings then what happens when emergencies arise? You'll get into debt.



Spending diary 2

Jenny, 34, uses a credit card, which she pays off monthly, and has a pension scheme. She is saving up for a deposit for a flat.

FRIDAY

- Friend's barbecue. Bake a cake and take a bottle of wine **£9**

SATURDAY

- Go shopping with a friend for an outfit to a wedding to which I am also going. Try on a dress, which looks amazing, but it's £125, so I reluctantly put it back. Buy a clutch bag for my sister's birthday present **£25**
- Lunch – my friend treats me as a thank you for my help. I pay the tip **£3**

SUNDAY

- Supermarket shop for the week **£68.20**

MONDAY

- Say no to the morning coffee run, and have

tea instead. I usually have one coffee out as a treat on Saturday mornings.

- Take homemade soup in to work for lunch with some bread and butter.

TUESDAY

- Sandwich for lunch **£3.25**
- Magazine **£2.75**

WEDNESDAY

- Homemade soup for lunch
- DVD rental **£5**

THURSDAY

- Leftover mousaka and salad for lunch
- After-work drinks. I leave after one drink, so don't pay for a round **£3.75**

FRIDAY

- The wedding is tomorrow and I feel vaguely anxious and unsatisfied. I pop in to Selfridges and find myself in the shoe department. One pair of gorgeous Christian Louboutin sandals – the exact shade of the dress I'm going to wear – keep calling to me. I try them on twice and then, as if hypnotised, glide to the counter and take out my credit card. I feel immensely satisfied as the shoebox slides into the bag and it's handed over to me. Only when I'm ejected back onto the pavement do I realise what I've done. I'm overwhelmed by guilt, but quickly suppress it as I'm too embarrassed to take the shoes back and want to wear them to the wedding tomorrow **£360**
- TOTAL: £479.95**



Simonne Gnessen:

The fact that Jenny pays off her credit card each month means she may be lulled into a false sense of security and thinking she's got everything under control, but the truth is that the occasional splurge like this is preventing her from building up more savings and delaying her goal of buying a property. Possibly she feels resentment for living so frugally and at this point she'll convince herself that it's OK to have a splurge. One solution would be to create a more realistic budget for spending, so she's less inclined to feel she's making sacrifices.

Professor Karen Pine:

Although Jenny appears to have her spending under control she gets seduced by the occasional extravagance. Research has shown that willpower is a limited resource. Thinking about wearing those shoes with her dress will have sent a rush of the pleasure chemical dopamine through Jenny's brain. Paying by credit card rather than cash will have eased the purchase process – plastic doesn't carry with it the 'sting' of handing over hard cash. So it wasn't until she was out of the shop that Jenny's dopamine levels flattened and she felt buyer's remorse.

How to budget

VISUALISE YOUR FUTURE

'There is no motivation to save if you don't know why you're doing it – otherwise it's only when you're in massive debt that saying no becomes essential,' says financial coach Simonne Gnessen. 'So create an image of your future and make this dream as vivid and as detailed as possible. Even use a moodboard with pictures of beautiful rooms and places you might want to travel to. Once you know why you're saving it's so much easier to say no to unnecessary spending.'

KEEP A SPENDING DIARY

Most of us don't know where our money goes. Keeping a strict spending diary for a fortnight can give you a jolt, and maybe the motivation you need to change.

CLEAR DEBT

Make it a priority to clear your debts so you can start to save. Go to a comparison website such as www.moneysavingexpert.com to make sure you are paying the most competitive rates and are getting the best deals on your loans.

CREATE EMERGENCY SAVINGS

This can be either in a savings account or a cash ISA (up to £3,600 every year is tax free). If you are employed, your emergency fund should be three times your monthly pay, and if you are self-employed, ideally, it should be about six times. Start this buffer fund by setting up a direct debit that comes out with the rent or the mortgage just after you've been paid.

KNOW YOUR LIMITS

Pay your essentials for the month – mortgage and bills – minimum ongoing debt payments, or payment into a savings or cash ISA account. Then set aside money for food and household maintenance. Only now can you decide on your discretionary spending. Without budgeting you may be spending £900 a month on non-essentials, but if you know you can only afford £400 then you can set boundaries. For some people it works to put cash into different envelopes for the month: entertainment, clothes, food, etc. For others, it works better to keep track on bank statements.