

Basic budgeting and reducing costs

The first step to taking control of your finances is doing a budget. It will take a little effort, but it's a great way to get a quick snapshot of the money you have coming in and going out. It will help you avoid debt in the future, and can help raise your credit rating to secure loans or mortgages.

Check out the [MoneyFit challenge tool](#) on MoneyForce to see if you may need to create a budget.

How do I work out my budget?

Collect all the information you have on your income and spending and then record that data in a spreadsheet or budget planner tool (like the [one at MoneyForce](#)). Common expenses you'll need to include are:

- Rent or mortgage payment
- Household bills
- Existing debts you are paying off
- Food and clothing
- Travel and fuel
- Childcare costs
- Mobile phone, internet, gym costs
- Holidays, socialising, eating out

What if my outgoings exceed my income?

If you're spending more than you have coming in, you need to work out where you can cut back. This could be as easy as making your lunch at home, or cancelling a gym membership you don't use.

You could also keep a spending diary and note everything you buy in a month. Or, if you do most of your spending with a bank card, have a look at last month's bank statement and work out where your money is going.

How can I reduce my rent/mortgage and bills?

For many of us, household bills make up a large chunk of our spending. The good news is that it's easy to save hundreds of pounds off your bills by doing your research and shopping around for cheaper deals.

The same applies to mortgages, and you can save hundreds, or even thousands, of pounds by shopping around for a new mortgage, or reviewing your existing one.

What if I have unexpected costs?

Be flexible. Circumstances will change, so review your finances every few months to see if you can do better. It's recommended that you save an emergency fund of 2 – 3 month's expenses to help with any sudden outgoings. Keep this money in an instant access account.

What do I do once I have my budget and emergency savings in order?

Set a savings goal. Consider what you're working towards and save some money each month, (the [Goalsaver tool](#) at MoneyForce can help). Typical savings goals include:

- Taking a holiday without having to worry about bills.
- Having extra money to use while on maternity or paternity leave.
- Buying a car without taking out a loan.
- Saving towards a deposit for a property.

What should I do with my savings?

As your savings start to grow, make an investment plan based on your goals and timeframes. Assuming you have set aside an emergency fund of 2 – 3 month's expenses, aim to save at least 10% of your earnings each month (or more if you can afford it). What you do with your savings may depend on how long it will take you to reach your goal:

- Short term goals within the next 5 years – save in cash deposits like bank accounts or cash ISAs to avoid short term fluctuations to the stock market.
- Medium term goals of 5 to 10 years - depending on your attitude to risk, investing your savings may yield better returns than cash savings due to inflation.
- Long term goals of over 10 years – consider investing, as market trends tend to do better than cash over a long period of time (the stock market fluctuates so you should get financial advice if you want to invest).

Are there other ways to save money?

Make sure you are claiming all the allowances you are eligible for. This will vary depending on your circumstances, but typically, allowances can cover some costs of accommodation, food and drink, travel, separation, location, relocation, clothing, education and compensation.

If you think you may be entitled to an allowance, contact your Unit Admin or see JSP 752.

There are also many Armed Forces discounts available, especially with the Defence Privilege Card available through the [Defence Discount Service](#). Shop around and look out for special offers.

What about help to buy a property?

There is a Forces Help to Buy scheme which helps Armed Forces personnel get on the property ladder. It allows Service personnel to borrow up to 50% of their salary, interest free, to buy their first home or move to another property on assignment or as their families needs change. It will run until December 2018, and replaced the LSAP (Long Service Advance of Pay) scheme which is frozen while Forces Help to Buy is running. Anyone considering buying a property in 2019 onwards should wait for announcements about upcoming schemes.

Where can I find help?

- **The Royal British Legion** – phone the Contact Centre helpline on **0808 802 8080** or visit <http://support.britishlegion.org.uk>
- **MoneyForce** – visit <https://www.moneyforce.org.uk/Tools/Budget-Planner>
- **Money Advice Service** – phone **0800 138 7777** for free, impartial advice or visit <https://www.moneyadviceservice.org.uk/en/tools/budget-planner>
- **National Debtline** - phone National Debtline free on **0808 808 4000** or visit <https://www.nationaldebtline.org/>
- **MOD** - <https://www.gov.uk/government/publications/financial-top-tips-for-service-personnel>
- **AFF** - <https://aff.org.uk/advice/finances/money-matters/>