



Introduction to money management

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Money can be a taboo subject for some people trying to live better lives, as they see money as one of the key causes of many problems in the world, and would therefore rather not have to think about it. For better or worse though, having enough resources to live on is an essential element of anyone's life, and knowing how to manage these resources can help us to live the life that we want – especially if it is one in which we don't want to be slaves to money.

The aim of this information sheet is just to give you a few initial ideas of ways you could start to get your money under control, so that you can move towards living the life you want.

Tips on managing your money better

1. **Work out how much you spend**

This is a good starting point in taking control of your money – and one that many of us don't do. Being aware of how much money you're spending, and on what, can really help you to take control of your finances.

There is a useful budget planner template and guidance at:

<http://www.moneysavingexpert.com/banking/Budget-planning#bplanner>

2. **Spend less**

Once you've worked out how much you're spending on different areas of your life, review each of these areas of expenditure. Do you really need all these things? Could you be reducing your expenditure in certain areas?

Also, ask yourself a broader question – is each of the things that you're spending money on actually making you happy? Challenge yourself on this, and if they aren't, look at redirecting your money into areas that will improve your life – which might include saving and reducing your debts!

Buying less stuff also fits with your environmental values (see 'environmental values' information sheet for details).

3. **Make a budget**

Work out what you can afford to spend in different areas of your life. Again, the budget planning template and advice from www.moneysavingexpert.com noted earlier can help you do this. A reminder of the address: <http://www.moneysavingexpert.com/banking/Budget-planning#bplanner>

4. **Spend money on making life better**

If you have some spare money available in your budget once you've accounted for the essentials, think about how you want to use it. Think about what you want from life, and how you can use your money to get the life you want. This might include spending it on particular items or experiences, but using it in the following ways can also make a significant contribution to improving your life:

a. **Reduce your debts**

Debt has become a major problem for many people in the UK, and reducing your level of debt can help to give you a greater feeling of control in your life, as well as more options.

b. Save

It doesn't have to be a lot, but saving some money to cover unexpected expenses can help you to take advantage of opportunities when they come up (such as starting a business) and deal with problems if they arise (such as your boiler breaking down).

Saving money might also enable you to buy one of the most precious commodities of all – time. Having a cushion of money might enable you to spend less time working for money – perhaps by reducing your working week or retiring earlier.

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