



**MONEY  
SMART**

An education programme from

Danske Bank

Welcome to

# Money Smart

By Danske Bank

# Becoming financially independent

## What we will discuss today

- What do we mean by financially independent?
- Budgeting
- How to stay on top of your finances
- Shopping around
- Credit score
- Dealing with debt





# What do we mean by 'financially independent'?

Financial independence means you are completely responsible for your own expenses, or no longer rely on your parents or guardians to give you money or cover some of the bills.



**When are times we might become financially independent?**



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## When are times we might become financially independent?

- When you move out of your parents/guardians home
- When you move out to start university or college
- When you retire



# Why have a budget?



# Why have a budget?

- Helps you control your spending
- Makes sure you don't spend more than you have
- Helps you avoid going into debt
- Helps you start saving
- Keep money aside for unexpected expenses
- Help avoid stress



# What are expenses?

Can you list any expenses you or your family might have?



# What are expenses?

## Needs

- Mortgage or rent
- Electric bills
- Oil or gas
- Wi-Fi bills (broadband)
- Phone bill
- Petrol or public transport
- Rates - Do you know what rates are?
- Home insurance
- Life insurance
- Groceries



# What are expenses?

## Wants

- Going out for dinner
- Going to the cinema
- Clothes
- Music streaming
- TV/film streaming
- Latest phone
- Holiday

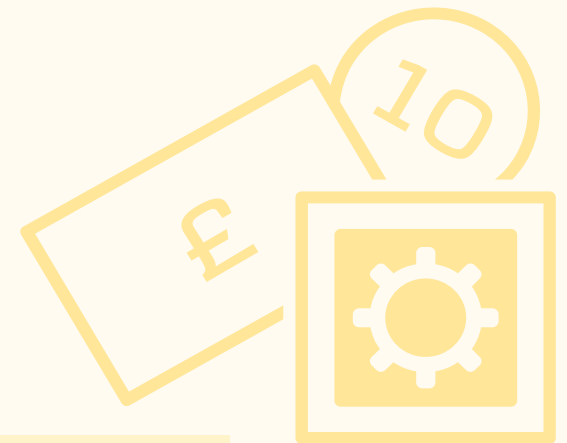
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# Activity

Let's imagine you've gone to uni, and moved into your own place with some friends.

Your first of three student loan payments for the year has come in. It's £3,162 and needs to last from September – January.

Now, let's discuss your 'needs' and 'wants' and budget your money around them.



# Activity

## Needs

- Rent / Halls payments - £421 per month - £1,263 for 3 months
- Groceries - £101 per month - £303 for 3 months
- Household bills - £40 per month - £120 for 3 months
- Transport - £34 per month - £102 for 3 months
- Course materials - £17 per month - £51 for 3 months
- Mobile phone contract - £15 per month - £45 for 3 months

**Total for three months: £1,884**

**After needs, you have £1,278 for wants.**

## Wants

- Going out (average is £47 per month)
- Eating out / takeaways (average is £41 per month)
- Clothes and shopping (average is £34 per month)
- Health and wellbeing (average is £15 per month)
- Holidays and events (average is £14 per month)
- Gifts and charity (average is £13 per month)

### Other?

- Gym
- Car loan
- Payment for phone handset
- What else have we missed?



Average prices taken from the Save the Student National Money Survey - which asked over 2,000 students their spending habits:

<https://www.savethestudent.org/money/student-budgeting/what-do-students-spend-their-money-on.html> - but these will all depend on where you live, how many other people you live with, etc.

# Activity

## Discussion

What ways do you think we could stay in our budget?



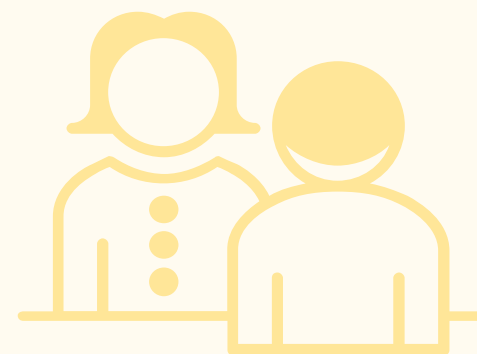
# Tips for budgeting

- Be realistic about what you can afford and how much you need to live on
- Keep track of your spending – you can use budgeting apps, or keep a note in a file on your phone or computer. This will also help you keep in mind when you might have to spend more some months for certain events.
- Adjust your budget as you go – if you spend too much one week, try to cut back the next week
- Reward yourself! A good personal budget should allow you the occasional treat

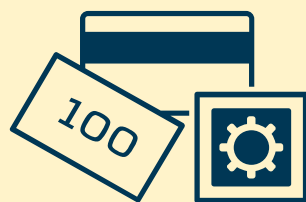


# Discussions

Why do you think it's important to budget?  
Do you think it would be a good idea to start trying now? If so, why?



## What if your outgoings are more than your incomings?



We always say, speaking to your bank should be your first action here. We are here to help you look over your account, your needs, and see what options suit you. That could be an overdraft – a short-term form of borrowing. There's two types:

- **An arranged overdraft** has been pre-agreed with your bank up to a set limit, giving you peace of mind that you'll be able to make unexpected payments or get money in an emergency. You can borrow from it any time, as long as you stay within your limit. There may be costs to pay with an arranged overdraft.
- **An unarranged overdraft** is when your account balance either goes overdrawn without an arranged overdraft in place or goes beyond your arranged overdraft limit. When this happens your bank, will look at your circumstances and then decide whether to allow any further payments from your account.

It's worth bearing in mind that banks can ask you to repay your overdraft in full at any time.

# How to stay on top of your money

There are different ways you can help stay on top of your money. At Danske Bank, you can:

- Set up text alerts to let you know when your account reaches a certain balance;
- Set up notifications on your app, which can alert you any time you purchase something;
- Connect your app to budgeting apps through Open Banking. So you can budget out your money and connect it to your Danske real-time spending.



# Shopping around

Doing your research for small and big purchases can be really worthwhile.

Take your time to make sure you are getting the right products at the right price, and see if you can avail of any offers. Try it out by:



- Do your research on where you can get your weekly food shop cheaper - and be sure to see if there are any loyalty schemes that often offer extra discounts or special pricing.
- Use comparison sites - for anything from car insurance to the best savings rates, energy comparisons and even phone comparisons. MoneySupermarket is one of many.

We all know comparison sites and loyalty schemes are there, but we don't always make use of them, when they can help to get the best deal to suit you and can help stretch your budget a bit.

# Keep your credit score in mind

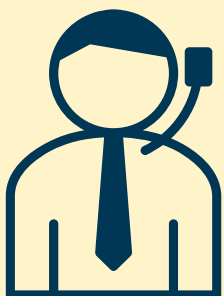
Credit scores might seem like they don't matter until you need a loan or a mortgage, but some of the habits you build up from financial independence will really help you in the long run.

A credit score is used by lenders to give them an overview of how credit-worthy you are - by that we mean how likely you are to pay it back, and on time.

You can check your score for free on sites like Experian. To have a good credit rating you need to have made payments reliably, keep your use of credit low and be able to prove where you live - so bear that in mind when you take out mobile phone contracts, or any other Direct Debit agreements, not paying them on time can have an impact on your credit score.



# Dealing with Debt



If you are struggling with debts – including paying back shop credit cards, overdrafts and more – but have decided that you want to try to get out it, you should always speak to your bank in the first instance.

They'll be able to talk to you and see what solutions there might be to help, as well as being able to signpost you to a range of organisations, like Advice NI, who will be able to help with practical steps for lifting you out of debt.

If you get on top of these basics of money management early, there's a good chance they will stick and become habit. Good habits will help you get the most out of your financial independence.

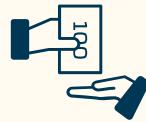


# Top Takeaways



## What might financial independence mean

We've looked at financial independence, and taken the example of moving from your parents home and attending uni as an example



## Budgeting

We've gone over budgeting and ways to identify needs and wants - and we've discussed why it's important to have a budget



## How to stay on top of your money

We've looked at different ways you can keep on top of your money and ways to shop around, and keep on top of your credit score



## Where to go for help

Maybe the most important of all, you're never alone with your money. If you ever need additional help or support with your finances, never be afraid to talk to your bank.