

# Guide to completing your budget planner

We know the disruption caused by coronavirus (COVID-19) has affected our customers' lives in lots of different ways. Many now have less money coming in, but still have bills and debts to pay.

Our budget planner is a really useful way to see where your money is going and prioritise which debts are most important. If you download your budget planner now, you can fill it in using this guide to help you as you go.

As our budget planner follows the same design as other lenders, once you've completed it you can use it again elsewhere should you need to.

For customers who may struggle, we've offered up to three months' mortgage payment offered up to three months' mortgage payment holiday. As this period ends, we'll write to confirm your recalculated monthly payments and next steps.

## Whatever the situation, we're here to help

If you've come to the end of your mortgage payment holiday and you can start making your recalculated payments again, that's great. But we understand that you might still be worried about how you're going to manage.

It might be the first time that you've experienced financial difficulty. We understand that it can feel like a daunting place to be. Or maybe coronavirus has just worsened what was already a difficult situation for you. Whatever your circumstances, we're here to help you through these uncertain times.

## We need to work together, here's what you can do

Our teams are working really hard to support you and we're doing everything we can to respond as quickly as possible. There are ways that you can help too, including:

- if we arrange to call you, please try your best to be available for the appointment - there are lots of customers needing our help
- before you speak with us, check whether you can get any state benefits or tax credits, which could help increase your income
- before you speak with us, check whether you have an insurance policy which could help with your payments
- Most importantly – put some time aside to complete a budget planner so that you have a clear understanding of your finances. This will really help us to help you get back on track with your mortgage.

## Why is this important?

A budget planner is an essential tool that will give you a clearer picture of your financial position. It shows you:

- ✓ what money you have coming in (your income)
- ✓ what money you are spending (your outgoings)
- ✓ whether you have enough money to pay your essential bills
- ✓ what money is available, if anything, to pay your debts

If we need to speak with you, please make sure you have this with you. It'll be an important part of our discussions.

It's really important that the figures you use are a fair reflection of your current circumstances. We want to work with you to put a solution in place that's right for you.

- ✓ If you can afford to pay more towards your mortgage this will reduce the amount of overall interest that you will pay, and help get you back on track quicker.
- ✗ Don't commit to something that you know you can't afford or maintain. This will result in more financial stress, and it's likely to make your situation worse.




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## Tips for completing a budget planner

**Sole or joint budget?** – If your mortgage is in joint names, we recommend you fill in your budget planner together. This means that you need to include all income and outgoings for both of you, including any debts that you both have. If the mortgage is just in your name, and your partner or another family member contributes to the household income, you can include any amount that they contribute towards the household costs.

### Step 1. What you need to start

- Salary slips
- Pension income statements
- Benefits statements
- Bank statements
- Credit card and utility bills
- Pen and paper
- Calculator

 If all of your income and outgoings go through your bank account, most of the information you need will be on your bank statements. Bank statements can give an accurate reflection of your spending. Using this information can help you make sure that your budget planner is realistic to your circumstances.

**Important note:** During lockdown, your spending patterns are likely to look different. If you're reviewing your latest bank statement, make sure you consider where spending is likely to increase as everything returns back to normal.

- This could include outgoings for transport and childcare, trips to the cinema or meals out. These costs should be included in your outgoings. Also, if you've taken a payment break with one of your other lenders, make sure you reflect these payments (along with any potential increases) as you start making payments again.

### Step 2. Work out your total income

Add together all the income you get each month. Make sure you include everything, whether it's wages, benefits or pensions. If some of your income is paid weekly or 4-weekly, you'll need to turn these figures into calendar monthly ones.

To do this you need to multiply the weekly figure by 52 and then divide this by 12. This will then give you a calendar monthly figure to include in your budget planner.

#### What help is available to support income?

- The Government's Self-employed Income Support Scheme opened on 13 May. It pays 80% of your average profits over the past three years, up to £2,500 per month. The scheme will be open to anyone who earns £50,000 or less. You're eligible to apply if you have tax returns from 2018/2019.
- If you've only recently become self-employed you'll have to apply for help through Universal Credit, which has been extended to make it easier to claim.
- If you're employed and furloughed, the Coronavirus Job Retention Scheme will pay 80% of your wages up to £2,500 a month. The scheme has now been extended to the end of October.

Benefits and daily living expenses – make sure you check what you're entitled to carefully. If you're not sure what benefits you're entitled to, try using the Turn2Us benefits calculator.



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## Step 3. Make a list of everything you spend each month

Start with your priority debts – this is because they have the most severe consequences if your payment is late or if you miss a payment.

Priority debts		Non-priority debts	
<ul style="list-style-type: none"> <li>■ Mortgage</li> <li>■ Secured loan/ second mortgage</li> <li>■ Benefits/tax overpayments</li> <li>■ Court fees and fines/fixed penalty notices (e.g. motoring offences)</li> <li>■ Hire purchase</li> </ul>	<ul style="list-style-type: none"> <li>■ Rent</li> <li>■ Council Tax</li> <li>■ Utilities</li> <li>■ TV license</li> <li>■ Child maintenance</li> </ul>	<ul style="list-style-type: none"> <li>■ Overdraft/ Store cards</li> <li>■ Overdrafts</li> <li>■ Unsecured loans</li> <li>■ Personal debts to family/friends</li> </ul>	<ul style="list-style-type: none"> <li>■ Payday loans</li> <li>■ Catalogue debts</li> <li>■ Private parking tickets (not the same as a fixed penalty notice)</li> </ul>

We understand that some non-priority commitments might feel more urgent to you. Although you still need to deal with them, it's important to consider the impact of not paying your priority debts. For example, not paying your mortgage puts your home at risk, and not paying a hire purchase agreement could mean you have no transport to go to work.

Next, write down what you usually spend on living costs such as food, clothing and toiletries. Your bank or credit card statement can help you work out what you typically spend on these items each month.

You need to include amounts for things that you only pay for once a year or less often, such as insurance, car repairs or vet bills. To do this you need to divide the yearly cost by 12 to give you a monthly figure which you can include in your budget planner. You can then set this money aside until the bill is due.

If you're not sure what you're spending your money on, try writing down everything you buy over a month. This will give you a clearer idea of your regular spending.

### What is reasonable spending for my household?

Everyone's spending is different and your costs should be based on household needs. For example, you might find grocery costs increase as your children get older. If your budget is much higher or much lower than what would be considered 'average' for your household, we might want to know more. This is just to make sure we haven't missed anything and to make sure any solution we put in place has the best chance of working for you.

## Step 4. Take away the total amount you spend each month from your monthly income

If you've got any money left over after you've paid for everything, you have a 'budget surplus' or 'disposable income'. If you're spending more money than you've got coming in, you have a 'budget deficit' or 'deficit income'.

If you're struggling, it might be worth contacting your other creditors to find out what they can do to help. It's important to get in touch as soon as you can and before you've missed a payment. Contact details and further information will be on their website or on their bill.

### What other help may be available to help manage your finances

- Financial providers have been asked to support people struggling with personal loans, credit card payments, car finance, rent-to-own and buy-now-pay-later loans, catalogue debts and debts to pawnbrokers.
- Major internet service and mobile providers have implemented temporary measures to help vulnerable customers and those struggling to pay their bills.
- Utility providers have announced some help for people struggling to pay for gas, electricity or water.

## Savings

If you have a deficit income and you believe this is because your income is lower than usual at the moment, you could think about using any savings to try and maintain some of your priority debts and to minimise the build-up of any arrears.

### What to do next

1. Use our budget planner to work out your income, outgoings and savings.
2. See how much you can afford to pay towards your monthly mortgage payment.
3. Go back to the website and decide which option works best for you.

## If things get tough

Sometimes seeing what you owe can feel scary, but it's a key step to taking control of the situation. If you feel uneasy, call us. Or you can also seek free and impartial advice from the organisations listed below.

### You can also get impartial and free advice to help you deal with money worries, including general help with budgeting

<p><b>The Money Advice Service</b> This website is full of budgeting and money management advice. <a href="http://www.moneyadviceservice.org.uk">www.moneyadviceservice.org.uk</a></p>	<p><b>Step Change Debt Charity</b> Freephone 0800 138 1111 <a href="http://www.stepchange.org">www.stepchange.org</a></p>
<p><b>Turn2Us benefits calculator</b> This tool can help you work out what benefits you're entitled to. <a href="http://www.benefits-calculator.turn2us.org.uk">www.benefits-calculator.turn2us.org.uk</a></p>	<p><b>Citizens Advice</b> Get free advice and find your nearest branch. <a href="http://www.citizensadvice.org.uk">www.citizensadvice.org.uk</a></p>

**Managing your finances can be even more difficult when life takes an unexpected turn. Talk to us, and we'll tailor our support to suit your circumstances. Any information you give will be treated confidentially. If you'd like further support, here are just some of the many dedicated charities and organisations that can help.**

## Long term illness, death and bereavement

### Macmillan Cancer Support

If you're struggling with cancer, Macmillan can offer help.

[www.macmillan.org.uk](http://www.macmillan.org.uk)

### Alzheimer's Society

Get support and advice if you're affected by dementia.

[www.alzheimers.org.uk](http://www.alzheimers.org.uk)

### Mind

Get advice and support if you or a relative is affected by mental illness.

[www.mind.org.uk](http://www.mind.org.uk)

### Age UK

If you're dealing with a bereavement, Age UK could give you the right support.

[www.ageuk.org.uk](http://www.ageuk.org.uk)

## Separation and divorce

### Samaritans and Citizens Advice

They can both help with a wide range of personal struggles.

[www.samaritans.org](http://www.samaritans.org)  
[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

## Domestic abuse

### National Domestic Violence Helpline

If you're experiencing domestic abuse and in immediate danger call 999 and dial 55 if you can't speak. The National Domestic Violence Helpline (**0808 2000 247**) is available for free 24 hours a day.

## Helping someone else who is vulnerable by getting power of attorney

If someone isn't in a position to make decisions for themselves, then you can get power of attorney to take care of their finances and make decisions. Talking to Citizens Advice, a solicitor or one of the above organisations could help you arrange getting power of attorney.

## Coronavirus related fraud

There's increasing evidence of criminals exploiting this situation. Scams include sending bogus emails with links claiming to have important updates and, in some cases, fake tax refunds. The link below offers some useful information.

[www.stepchange.org/debt-info/coronavirus-related-fraud](http://www.stepchange.org/debt-info/coronavirus-related-fraud)

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