

# Munch up the credit crunch

With financial wellbeing a major concern for many of us, celebrity life coach **Benjamin Bonetti** has come up with an eight-point plan to help you make 2009 the year you resolve your money worries

I have noticed an increase in calls over the last few weeks from executives and entrepreneurs who are worried about their fate in this economic climate. So I've put together eight steps to help you increase your chances of survival.

## **STEP 1 TAKE TIME OUT AND PLAN**

With talk of an economic recession or downturn looming, you shouldn't wait until later to decide what to do. Begin planning now for the possibility of things getting worse. If you feel you're doing all right financially, then plan ahead for the possibility things take a turn for the worse. And if you're already suffering financially, then start thinking about how to handle it if it lasts longer or gets worse.

## **STEP 2 TALK TO OTHERS**

An economic downturn, slowdown and recession affects many people. So take some comfort in knowing you are, by far, not alone. The reason I mention this is to help ease your level of stress. If you're suffering financially, others are too. The economy goes through ups and downs, so we all in our lifetimes go through this. Remember this is just a season, and seasons come and go.

## **STEP 3 KNOW YOUR INCOME AND EXPENSES**

There are many of us who know how much we bring home in pay and other sources of income. But lots don't realise how much they're spending on things. Yes, we know the major expenses like rent or mortgage payments, utilities and car and student loans. But it's the little ones can really eat up your savings and take-home pay. Make an accurate list of what you take in (income) and exactly what you spend it on (expenses). And track all of your expenses, not just the biggies. The national debt helpline have a great form that covers all aspects of expenditure and even works out your balance. Be specific and be honest – if your calculations are right you may be surprised.

## **STEP 4 DEBT REALLY IS YOUR ENEMY**

Debt is money that you owe, meaning bills. Now there are good bills and bad ones. The good ones are those that are necessities, like rent and utilities. The things that you really need to live. The ones that you'll pay later are the bad ones. Those special offers you see – you know the thing – “New Sofa! New TV!

Collect now pay five years later!” – aren't really all that they seem. Make sure you read the small print, or even better, save up for your treats. It's credit card debt that is the true evil, and it gets most of us into financial difficulty. It's a great tool if you're going to pay 100 percent of it off every month, but many people don't. Control your credit card debt. If the credit card company wants to raise your limit, don't go out and spend it. Just because you have a £2,000 limit doesn't mean you have £2,000 to spend. Only use it when absolutely necessary. Keep them as an emergency back-up if things really go bad. If you have a massive debt already, work out a strategy to pay it all back over the next 12 months.

## **STEP 5 MANAGE YOUR PERSONAL ACCOUNT – DEBIT CARDS**

As opposed to credit cards, debit cards work a bit differently. The major difference is that they aren't loans like credit cards. When you use a debit card, money is taken out directly from your bank account. Try to keep money in the account all month long. Create a plan within the next four months that will enable you to be in credit for the whole month, not just for the first few days after pay day. Remember, the

bank charges you interest every time you go into your overdraft. Overdrafts aren't free.

## **STEP 6 SET A PLAN TO REPAY THE DEBT NOW**

Let's say you have £5,000 in credit card debt and pay £50 a month towards it. If you increase your payment, even a little bit, you'll save lots of money in the end. And that's because the interest you're accruing is being reduced. You see, it's not the £5,000 that's the trouble. It's the never-ending interest being added to it that really gets most people. And even with a low interest, you're still accruing it and paying on it every single time you send in a partial payment. So increasing your payment amounts by a little or a lot more will cut your interest and get you paid off much sooner.

## **STEP 7 BETTER YOUR HOME LIFE**

You'd be surprised at how much you can save by eating in. It's far less expensive to buy food at the store and cook it at home than to eat out. Now by buying food, I don't mean a packaged meal that you reheat at home. I mean buying goods that you'll cook. In other words, things like soups, pasta, meat, fish, veggies, etc. And if you buy in bulk the things you really like, you will save even more money.

Enjoy going to the supermarket and look at the specials at the deli counter, you will be surprised how many quality fillet steaks you can pick up. Make certain nights of the week your cooking night. Use your imagination and keep to a budget.

## **STEP 8 WE ALL LOVE COFFEE**

I recently worked out that two coffees a day on average at my local branded coffee chain was costing me a whopping £2,000 per year. But by taking home an expensive jar of coffee, I could save myself over £1,500 per year alone – and that's just on coffee. In other words, there are many ways to cut down the amount you spend on drinks. And every little bit you save helps you ride out the economic hard times. Remember, it's the little bits you save here and there that really add up to lots in the end.

If you are serious about securing your future call 0845 194 9644.  
[www.empower-your-life.co.uk](http://www.empower-your-life.co.uk)

