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# Why so much term left at the end of your dosh? Tips to balance your finances

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**R**udyard Kipling, in the ‘Just so’ stories, stated: “I keep six honest serving-men, (they taught me all I knew); their names are What and Why and When and How and Where and Who.”

These “honest serving-men” can play tremendous dividends in dealing with so many things in life, not least one’s finances.

## What to look for in an account

The incentives offered by banks vary from year to year and between one institution and another. Do not be influenced by the “freebies” but consider the whole package available from each individual financial institution — these include:

- ▶ The staff available to you should you need help — are they approachable?
- ▶ The availability of a “bank” student adviser on, or near to, your university campus.

- ▶ Overdraft terms, ie, what, if any, rates of interest will you be charged? Are there any circumstances in which you might be required to reduce or repay any overdraft early? Look at the initial amounts offered — are they enough? Do the amounts increase? Over what period of study and by how much will the bank help?
- ▶ Be sure to ask what will be expected of you when you cease to be a student. Does the bank offer an intermediate account, eg, a “postgraduate account”, during the period when you might be completing your professional studies?

Choosing the right bank is one of the most important decisions to be made in your first year as a student. However, if at the end of your course, you are unhappy with your bank, consider moving to a competitor — but do your research again before moving! Likewise, always manage your accounts carefully, otherwise you may be asked by your bank to close your account, and opening a new one afterwards could be extremely difficult.

Finally, remember — the control exercised by the bank and your control should be complementary.

To help you assess the best bank to meet your financial needs, a chart laying out key features and benefits of a range of banks is shown on p11.

## Why should I budget?

It may be stating the obvious, but one of life’s truisms is: “No matter how rich or poor people are, there are always people who are good at managing their finances and those who are not.” For those in paid employment, the regular mantra is “there is always so much month left at the end of the money”; the same could be said of grants or allowances for students . . . “there is always so much term left at the end of the dosh”. So the reasons for budgeting are:

- ▶ To ensure you can pay your food, rent, utility bills, etc
- ▶ To save sleepless nights caused by financial worries
- ▶ So that you can focus on achieving the best academic results you can
- ▶ To ensure that you leave university shackled by the smallest debts possible
- ▶ In the worst scenario, to avoid bankruptcy.

## When to check your finances

You should check your finances at least weekly, if not daily, because if you do not, it is a clear certainty that you will squander money that is in short supply and either end up hopelessly indebted, or have to give up your university course — neither of which is a good option.

Budgeting is easy. Make a simple chart. Along one axis write the months; along the other list your expenses. Fill in the figures, total the columns, both by item of expenditure and month. If they do not tally, check your figures. When balanced, can you finance the total? If yes, great; if no, you must, as a matter of priority, find a way to bridge the gap.

### How can I make my money go further?

- ▶ Use a notebook to record everything you spend money on, even that last bar of chocolate or pint of lager. It can be both shocking and tedious, but it certainly helps to control the budget.
- ▶ Stick to your weekly budget, which means monitoring how much you spend daily carefully.
- ▶ Bank online to check your bank account daily, rather than waiting for a monthly statement.
- ▶ Never go over an agreed overdraft facility with a bank because the penalties are hideously high, eg, about £30 to return a cheque or direct debit unpaid.
- ▶ Never use a credit card, other than in an emergency — because it becomes hard core debt.
- ▶ Buy second hand text books where possible, affordable bed linen from the likes of Ikea, kettles and toasters from discount stores, clothes from charity shops. Fruit and vegetables are cheapest from markets late on Saturday afternoons; share the catering because “group cooking” can be cheaper per head than catering for one. If this is not an option, consider cooking larger quantities and freezing extra portions for use later. Buy economy brands from supermarkets.
- ▶ Consider payment of regular bills by standing order or direct debit, monthly, to help control expenditure.
- ▶ If renting a flat or house, ensure the utilities are metered, paid monthly rather than coin operated (the tariffs are different). Is there scope for more sub-letting without affecting the terms of your lease?
- ▶ Do you really need that car? Walking or cycling is cheaper and healthier.
- ▶ Mobile phone — pay as you go rather than clocking up large bills, get family and friends to call you, and make calls at cheaper times.

- ▶ Claim all the discounts you can (eg, a student rail card, and anything covered by your NUS card).
- ▶ If you are employed are you exempt from tax on your earnings? If so, complete a form P38(s) so that tax is not deducted from your earnings.
- ▶ If you have a savings account make sure you receive interest gross by completing a form R85.

### Where will the impact be, if I do not manage my finances?

It is estimated that, by the end of the academic year in 2005, the average graduate debt will be £20,000. Clearly, this is a large liability; however, it has to be balanced against the benefit to the individual of having undertaken a degree course. Consequently, minimising debt is a must if you are to avoid 20 years of repayments, which is the time it will take for £20,000 to be repaid at the standard student loan rate, for someone earning £25,000 per annum.

Bankruptcy is the last resort. Unless the insolvency laws in the UK change, the consequences of this to you in your 20s could still be with you in your 30s. You may never get the job you want as many employers are now often doing credit reference checks because they do not wish to employ staff who may be tempted to steal from their employer.

Budgeting remains relevant after graduation. Have you any idea what your income and expenditure will be, excluding loans? If not, now is the time to sit down and work it out. Loans should be cleared quickly, taking into account “affordability”. The lowest repayment figure possible to ensure credit cards are not relied upon to cover a shortfall in monthly income is a must . . . otherwise you will never get out of debt.

If you find you can save money from your income, do so, regularly every month. Get into the habit of saving and you will always be in control of your finances. You could even pay your debts off early, either by interim lump sums, or by one payment when you have saved enough.

When negotiating your new graduate loan to clear your debts, remember to

include a deposit on a flat or house if renting, and also funds to buy some clothes for your new job — if you do not possess cash for these items.

### Whom can I turn to if I get into financial difficulty?

Share the problem with family, or friends; it will ease your anxiety. Then plan your way out of it, including telling the bank, which should be among the first to know if you want to rely on its co-operation.

- ▶ Can your family help with gifts of money (cheapest and best option)?
- ▶ Working, perhaps a part-time job in a bar (which is company, too) during the evenings and vacations. A better option could be working during a “gap year” to accrue savings on which to live for a given period; the period being dependent on the sum in question.
- ▶ The student loan. The amount you will receive depends on: the length of your course; which course you are studying; which year of the course you are on; where you live and where you are studying; how much you and your family are expected to contribute.

For more information, contact:

- ▶ The Student Loans Company on 0800 40 50 10 or at [www.slc.co.uk](http://www.slc.co.uk)
- ▶ The Department for Education and Skills on 0800 731 71 33 or [www.dfes.gov.uk](http://www.dfes.gov.uk)

### Useful websites

- ▶ [www.abbey.com](http://www.abbey.com) for Abbey
- ▶ [www.bankofscotland.com](http://www.bankofscotland.com) for Bank of Scotland
- ▶ [www.barclays.com](http://www.barclays.com) for Barclays
- ▶ [www.hsbc.com](http://www.hsbc.com) for HSBC
- ▶ [www.lloydstsb.com](http://www.lloydstsb.com) for LloydsTSB
- ▶ [www.natwest.com](http://www.natwest.com) for Nat West
- ▶ [www.rbs.co.uk](http://www.rbs.co.uk) for Royal Bank of Scotland
- ▶ [www.bbc.co.uk/radio1/one1ife](http://www.bbc.co.uk/radio1/one1ife) for the BBC’s student help site
- ▶ [www.counselling.cam.ac.uk](http://www.counselling.cam.ac.uk) for Cambridge university’s counselling site which contains some useful advice
- ▶ [www.nhsdirect.nhs.uk](http://www.nhsdirect.nhs.uk) for medical advice from the NHS
- ▶ [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk) for help from the Citizens Advice Bureau

finance

Features and benefits	Abbey	Bank of Scotland	Barclays	HSBC	LloydsTSB	NatWest	Royal Bank of Scotland
Current account	■	■	■	■	■	■	■
Interest free overdraft allowance	■ See below	■	■ £200 immediate. Figures below up to £3,000 at a preferential interest rate	■ Interest free to limit in year 1	■ Free banking within agreed overdraft limit	■ Free up to £2,000 by arrangement	■ Up to £2,000 available, depending on year of study you are in, until June end of year following graduation
Year 1	Max £1,000	Max £1,250	£1,000	£1,000	Max £1,000	See above	See above
Year 2	Max £1,250	Max £1,400	£1,250	£1,250	Max £1,250	See above	See above
Year 3	Max £1,500	Max £1,600	£1,500	£1,500	Max £1,500	See above	See above
Year 4	Max £1,800	Max £1,800	£1,750	£1,750	Max £2,000	See above	See above
Year 5	Max £1,800	Max £2,000	£2,000	£2,000	Max £2,000	See above	See above
Plastic cards	Multi function card including £100 cheque guarantee card, visa debit card and cash machine card	Multi function card including free cheque, debit and cash facilities and/or classic visa credit card, no annual fee, £500 guaranteed credit limit. Min 5% of balance to be repaid monthly	Multi function card — debit, cash and cheque guarantee card all in one £600 limit on Barclaycard	Debit and credit card	Electron or debit card and/or credit card	Service card with Switch and student credit card with no annual fee	Fee free credit card
Access to student adviser	■	■	■	■	■	■	■
Travel facilities	Commission free travel monies	Competitive rates	Commission free	Discounted commission	Commission free		Commission free travel monies
“Freebies”			£20 worth of Waterstone’s vouchers, 3 year National Express Coachcard, plus more discounts when you open account	£50 cash free BSM driving lesson, Lonely Planet books	10% off RRP at Blackwell’s online, 6 x vouchers for both curries and fish meal at participating outlets		Range of discounts on CDs, DVDs videos, audio and computer games, books, concert tickets, night club entrance fees
Graduate facilities	■	■	Offers a graduate package	Offered including graduate loans	Offered including graduate loan of up to £10,000	■	■
Postgraduate facilities	Retain all student account facilities, including an interest free overdraft facility of £1,800 for each year of study			■		■	
Phone banking	■	■	■	■	■	■	■
Internet banking	■	■	■	■	■	■	■

■ Denotes service available