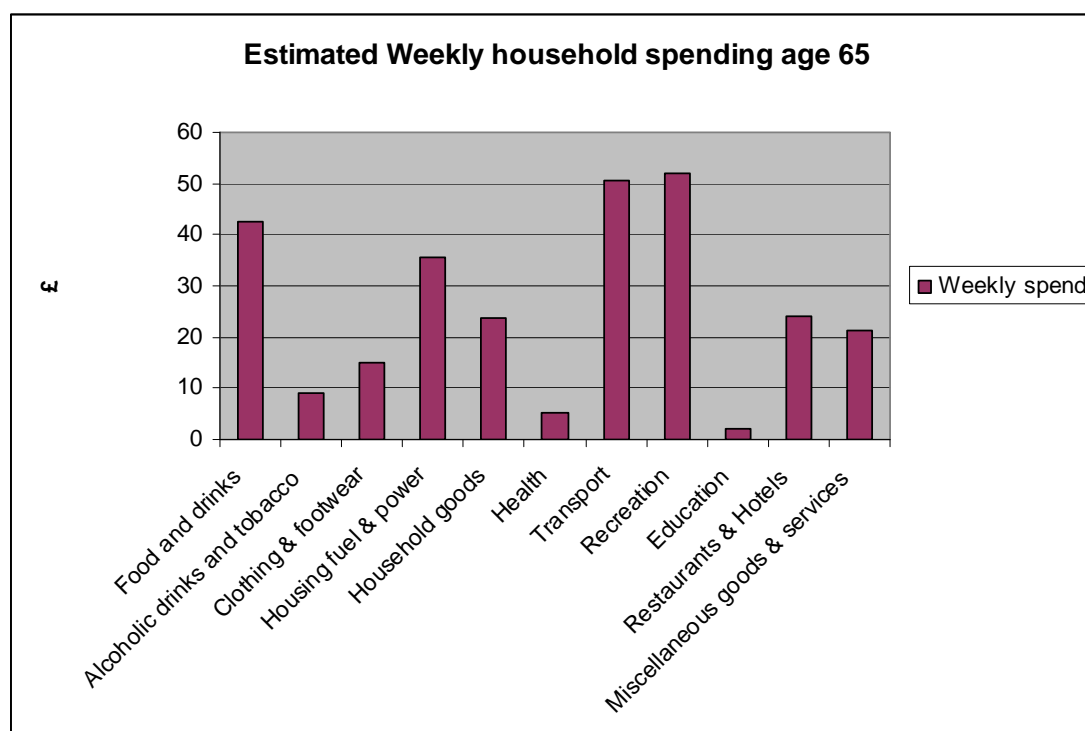


## Sort out your spending

I mentioned in the previous article that you can't afford to have a champagne lifestyle if you have a beery income. In this article I'm looking at the spend side of things. Discussing this with a friend in Husthwaite, he said that one of the wisest pieces of advice he got was to manage your finances from what you spend not from what you earn. This is especially important as you move into retirement as the income side is more than likely to be reduced.

In this vein, one of the things that you can do is make sure that you are getting value for the money you spend. Life Trust who specialise in providing income in retirement recently published a chart estimating the weekly household spend for someone retiring at 65 in 2006. Although nobody will precisely fit this Mr Average, it still gives a good guide to where the money goes. Why not have a look at your weekly or monthly spend and see where your money goes? Sites such as [moneysavingsexpert.com](http://moneysavingsexpert.com) give tools to help do this.



Source: Life Trust Cost of Retirement Report 2008

The total weekly spend is estimated at £288 or £15,000 per annum. If you add up the total spend over the expected lifespan of a 65 year old, this adds up to a surprising £413,000 or £471,000 for a man or women respectively.

In order to sort out your spending, it's worth looking at all areas of spend and seeing where there are any opportunities to spend less money. Although you might well have read the top 10 savings tips in the national press already, I've tried here to give it some local resonance by looking at it from the perspective of an Easingwold inhabitant. Here I've looked at what I consider to be some of the easy wins that don't involve any personal sacrifice. It's ok to go further!!

### Food and drinks

Back in the summer before he was subsumed by the credit crunch and saving the world, Gordon Brown was telling us to stop wasting food. Estimates suggest that households could save up to an average of £420 per household every year by not throwing away a total of 4.1 million tones of food that could have been eaten. I suspect that the retired generation have much better habits regarding this but nonetheless there is an opportunity here, I'm guessing of around £100.

## **Housing, fuel & power**

Now in here there is electricity, gas, oil and water and there are definitely some opportunities. There are a number of ways of checking whether there are any savings. uSwitch is available on-line or over the phone.

## **Electricity and Gas**

I've tried uSwitch personally for electricity and came up with a 45% saving. The potential saving for Mr Average living in an Easingwold postcode and spending £755 per annum on gas and electricity is £170 by switching suppliers from npower and British Gas to wholly Scottish Power. Note that some suppliers will have cancellation charges if you switch again before a given date.

## **Water**

The benefit is that by fitting a water meter, you pay for what you use. So for a couple living together or someone living on their own, there will be a saving as the unmetered bill is based on average usage. Again I've used uSwitch.

Now Mr Average's annual water bill is £340 and using an Easingwold postcode, the potential saving for a couple living together is £60. The saving is greater for someone living alone as there is likely to be half the baths, showers etc. Note that the saving will be driven by usage so if you are careless or use a lot of water, the savings won't be there. Having done it myself, the whole process is very straightforward. It's also worth mentioning that you have 12 months to change your mind and go back to being non-metered. It's not often that you get a one-way bet!

## **Transport and Communication**

This one feels a bit trickier because the cost of fuel will have gone up since 2006 and hopefully everyone in retirement is already taking advantage of free travel on buses. However, car insurance is an area where it pays to shop around. By using tescocompare.com (despite the dodgy Paul Daniels advert), the comparison came up with a premium of £189 from Swinton, a saving of £101 on Mr Average's premium of £290 charged by Admiral.

## **Home insurance**

By doing a comparison on moneysupermarket.com, it's possible to obtain a saving of £135 from Mr Average's Lloyds TSB premium of £252 down to Only Insurance at £117.

Bringing it all together, the potential savings are:

Food £100

Electricity and gas £170

Water £60

Car insurance £101

Home Insurance £117

This totals up to a very tidy £548 which I think is well worth the effort. Clearly everyone is unique and if you are already an active bargain hunter there will be less savings to be found. By contrast, if you have never switched suppliers there are some pretty big savings to be found. Happy cost cutting!

Will Mowatt

Will Mowatt is an independent financial advisor working for Results Financial Ltd. Results Financial Ltd is authorised and regulated by the Financial Services Authority no. 230884. For contact details see today's advert.

Contacts

[www.moneysavingsexpert.com](http://www.moneysavingsexpert.com) (online only)

[www.uswitch.com](http://www.uswitch.com) or 0800 404 7908 (freephone)

[www.tescocompare.com](http://www.tescocompare.com) (online only)

[www.moneysupermarket.com](http://www.moneysupermarket.com) (some categories online only) or 0845 345 5708

In order to get a comparison you will need all the key information at hand to enter online or give over the phone.