

thinkbanking says `make budgeting your New Year`s resolution`

Saturday 19 November, 2011

Christmas is an expensive time of year for most people, with many of us spending more than we usually would on food, drink, decorations, parties and gatherings, not to mention presents. If you want to set yourself on the best financial footing in the New Year, a budget is a good place to start, says budgeting bank account provider thinkbanking.

A recent report by moneysupermarket.com says that while one in five will rely on savings for the festivities and 38% have disposable income that can cover the cost of Christmas, as many as one in ten will be relying on credit or store cards to fund the holiday season. They could be saddling themselves with years of debt.

Borrowing is certainly not the cheapest way to pay for Christmas. A £500 balance on a credit card with an APR of around 18% could take close to twelve years to repay in full when you only make the minimum repayments of 2.5% per month.

However, in the current economic climate, many of us have to borrow. We are seeing the biggest squeeze on incomes for a generation. Not everyone has `spare` or disposable income for Christmas expenses. Many people don't have savings - in fact the situation with the economy is making it even harder for many to save at the moment, which can be a problem as saving can help to make Christmas more affordable.

Another way to make Christmas more affordable is by spreading the cost over the year, although it does take some planning. If you`re organised, you can begin shopping for Christmas 2012 in the January sales next year, where you'll find all sorts of festive goods at knocked-down prices. Buying presents throughout the year will also spread the cost.

And never underestimate the power of a well thought-out budget which allows you to set aside money every month. Savings soon add up and after twelve months you`re likely to have a nice amount for Christmas next year!

A spokesperson for thinkbanking commented: `We would like everybody to think about how they budget for the expenses in their lives coming up to big events like Christmas. At a time of year when it's likely most of us will be spending more money than usual, it's important to watch where our money is going and if at all possible, avoid getting into debt.

`Borrowing money to fund Christmas festivities might be a necessity for some, but we strongly believe that timely financial planning and effective budgeting could help some avoid, or at least limit, borrowing.

`While this Christmas is fast approaching, there is still time to set aside some money, especially if you're paid weekly. Putting away £20 a week between now and Christmas Eve would build a pot of £120, which could go a long way towards gifts and other expenses.

`If you begin saving at the start of next year, you wouldn`t need to put away as much money every month to grow a fairly decent pot by Christmas 2012. Say you put away £40 every month, over 12 months you'll have saved £480. The New Year is a great time for fresh starts and it`s certainly worthwhile setting up a monthly savings Direct Debit from your bank this New Year of an amount you can afford.`

Notes to Editors

thinkbanking provides access to a current bank account that makes it easier to budget, by ring-fencing money needed for regular commitments, including savings. The `Money Manager` service helps customers to manage their accounts effectively. The account comes with predictive banking which can let customers know if they are running short for their necessary expenses. thinkbanking accounts don`t require a credit check and are available to UK residents over the age of 18.

For more information, visit the thinkbanking website at www.thinkbanking.co.uk.

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