

4 - Preparing for your appointment to get debt advice

Now you have an appointment to talk to an adviser about your debt, you can help us by preparing.

Please gather together as many of the documents listed below as you can.

It also helps us if you can prepare a written statement of your finances. There is guidance at the end of this leaflet and an insert to this leaflet to help you.



What paperwork to bring

The following table tells you what paperwork you should bring to your appointment for each type of income and spending.

Some of these types of income or spending may not apply to you. Or, you may not have any paperwork for some of them. Don't worry, just bring as much paperwork as you can.

It is useful to bring with you whatever paperwork you have. The more information your adviser has, the easier it will be for them to help you.

It will help if you could bring:

- details of your and any partner's income, including any wages, any benefits and anything else such as child maintenance; and
- a few bank statements.

The adviser will particularly need to see recent documents for any type of debt you are having difficulty repaying – including any statements, letters threatening action, court papers and so on.

And it is also helpful to have details of your spending, even if you are keeping up with your payments. This may include your mortgage, rent, council tax, electricity, gas and water bills and any other debts.

Most importantly, bring as much as you can. For example, if you are in debt as a result of borrowing money (such as a loan), the adviser would ideally want to see the original agreement, a recent statement and any correspondence from the lender.

They will then work through the details on your financial statement.

A breakdown of your income and outgoings ('a financial statement')

As well as gathering together paperwork, it also helps if you start thinking about how your money is spent. You may not be able to do everything suggested in this leaflet, but the more you can do, the more help it will be.

Going through these processes may also help you. The more you understand your problems, the easier it will be for you to understand the suggested solutions.

Main messages

Two things in particular will help your debt adviser at your first appointment.

- ✓ Having a clear idea of your income and outgoings (your debt adviser will need to end up with a written statement called a 'financial statement').
- ✓ As much paperwork as possible, covering everything you have to pay and everyone you owe money to.

The starting point for the adviser is for them to have a clear picture of your income and your outgoings. It will be helpful if you have thought about this before your first appointment.

Preparing a financial statement may not be easy. In particular, you may be wondering about the following.

- Do you write down what is actually happening with your money, or do you write down what you think is supposed to be happening with your money?
- What do you do about the fact that the amount you spend is different from week to week and from month to month?
- If your circumstances have changed recently or are about to change, do you write down what they were, or what you think they will become?

In fact, financial statements can serve two very different purposes.

- Giving your debt adviser a clear picture of your situation as it actually is.
- Giving your creditors a clear picture of your proposed solution to paying off your debts.

Your debt adviser will recommend the proposed solution to paying off your debts. **You should concentrate on your situation as it actually is.**

Along with this leaflet, we have provided another document that you can use to prepare a financial statement.

The document is in two parts. The first part asks you for basic information about your income and spending. The second part suggests what to do with the figures to make a financial statement.

If you are able to work through this process, you should end up with an understanding of what is actually happening with your money. Your adviser will work through it with you and may suggest some different ways of managing your money. They will then prepare a new statement that takes account of any new decisions. You will be able to send this statement to your creditors.

Making a balanced financial statement

Don't panic! By now you have gathered lots of useful information, even if you can go no further.

If you want to, the next thing to do is to start doing sums!

a Convert everything to a weekly or monthly rate.

We often think that to convert a weekly rate to a monthly amount, you multiply it by four. But, because there are not exactly four weeks in a month, that isn't very accurate. Instead, do the following.

- To convert a weekly rate to a monthly amount, multiply it by 52 then divide it by 12.
- To convert a monthly rate to a weekly amount, multiply it by 12 then divide it by 52.

b Compare your income and your outgoings

Add up all your income and then add up all your outgoings.

Remember, at the moment you are trying to show what actually happens. For lots of reasons (which are discussed in the main part of the guide), you will not be presenting this financial statement to the people you owe money to (your 'creditors').

So, if your income and your outgoings don't balance, try to think about why.

If it looks like you are spending more than you've got

- ▶ The most likely explanation is that you're not actually paying some or all of what you have written down as spending. Which ones are you not paying?
- ▶ Another possibility is that someone is helping you out. Maybe friends or relatives are giving you money that you haven't added to the statement?

If it looks like you are spending less than you've got

- ▶ The most likely explanation is that you have forgotten something, or underestimated something.
 - If you regularly smoke, drink or eat out, have you made allowances for this?
 - If you have children, have you been realistic about the amounts that you spend on them?
 - If you have a car, have you remembered all the costs of running it (for example, petrol, services, repairs, MOT, insurance, tax and so on)?
 - How accurate is your estimate of your housekeeping? It's not just your main weekly shop – it's all those smaller trips and all those one-off and unusual items that don't belong anywhere else on your financial statement.
- ▶ Of course, it is possible that you do actually have available income! This means you will be able to make offers to your creditors. If you can pay the amounts you originally agreed, or once you have paid off your creditors, you will be in a position to save. See leaflet '1 – Making money go further' for more information about credit unions and other ways of saving.

Keep thinking, and see if you can make the adjustments that will explain to yourself and your adviser exactly where your money is going.

You could use the following pages to summarise your finances as they actually are. Remember, this is not the financial statement that you would send to a creditor.

My financial statement for my debt adviser

Fill in as much of this information as you can, and bring with you any papers for the items you have mentioned. This will help your adviser understand your position more easily at your first appointment. But **don't worry if you can't fill it all in or are not sure, your adviser will talk through it with you.**

Gathering the information

a Your household

My household is made up of the following people.

Name	Age	Relationship to you
		← Put your own details on this line.

b Income

Earnings

Person who is working	How much they normally take home	Is this every week or every month?

Other useful information about earnings

- Are the earnings different each time they are paid?
Yes No If 'Yes', please give details.
- Apart from tax and National Insurance, are any other amounts taken off your earnings before you receive them?

Benefits, tax credits and other similar payments

Name of the benefit	How much is it?	Is this paid every week or every four weeks?

Other useful information about benefits

- Are any other amounts taken from the benefits before you receive them?
Yes No If 'Yes', please give details.
- Are you waiting to hear about any benefits?
Yes No If 'Yes', please give details.

Other income

What type of income?	How much is it?	How often?

Financial statement as at _____/_____/_____

1 Income

Each week or each month?

(Write 'week' or 'month'.)

Wages (after tax and National Insurance) _____

Partner's wages (after tax and National Insurance) _____

Tax credits _____

Benefits:

Income Support or Jobseeker's Allowance (not including housing costs, but before deductions) _____

Child Benefit _____

Other benefits _____

Child support or maintenance _____

Contributions from other people in the household _____

Any other income _____

Total _____

2 Basic or priority spending

Amount you owe

Rent or mortgage (after Housing Benefit or housing costs) _____

Secured loan _____

Council Tax _____

Water _____

Electricity _____

Gas _____

Housekeeping _____

Clothing _____

School meals _____

TV licence, video rental, subscriptions _____

Phone _____

Travel _____

Fines and maintenance _____

Essential items on hire purchase _____

Insurance (life, house, contents) _____

Health costs _____

Childcare expenses (childminding, school, pocket money) _____

Other essential expenditure _____

Deductions from benefits _____

Repayments on essential outgoings _____

Credit debts and other debts _____

Total _____

This leaflet is part of a series of eight leaflets.

- 1 – Making money go further
- 2 – Why do I need independent debt advice?
- 3 – How do I get independent debt advice?
- 4 – Preparing for your appointment to get debt advice
- 5 – Understanding the process for getting debt advice
- 6 – After debt advice – dealing with creditors on your own
- 7 – After debt advice – do you need more help?
- 8 – Debt advice – other sources of information

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