Rising cost of living

Ways to reduce and cope better

A Whitepaper for your Clients



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Why costs are rising

Living costs are going up because the average price of goods and services has been increasing faster than people's wages and income. This, combined with expected tax increases and a rise in National Insurance (NI) contributions, is leaving many people with reduced finances and struggling to make ends meet.

According to the Bank of England, inflation (the rate at which the prices of goods and services increase) is expected to keep rising throughout 2022, but will hopefully slow down in 2023.

Inflation has been going up due to a number of factors, including higher global oil and gas prices, coupled with uncertainty over supply chains and staff shortages. When companies face higher operating costs, they often tend to increase their prices, and this action creates a knock-on effect.



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How to cope with higher living costs

Here are some things you can do to help your clients financially:

Review your finances

It's an obvious one, but whatever your situation, creating a budget can make it easier to manage your money. It will help you see what money you have regularly coming in and going out and possibly find areas to reduce your spending.

If you need support reviewing your finances, or you're finding that rising costs are simply making things unaffordable – speak to your bank to see how they can help.

Check what you're paying for

Go through your bank statements and look at direct debits to see what you're paying for. You may be able to cancel and save on subscription services you no longer use for example. Now is also a good time to review existing policies, such as home insurance, utility bills, broadband or phone contracts – To make sure you're getting the best value for your money. It's also worth noting down when policies are coming to an end as you can often negotiate better prices before they auto-renew.



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How to cope with higher living costs (Cont.)

Pay off debt in a smart way

Paying off debt in a smart way can reduce the amount of interest you pay. For example, if switching your credit card (if you have one) to , a 0% balance transfer could save you money.

If you have multiple debts, a cost effective option may be to repay the debt with the highest interest rate first, as it's charging you the most to borrow the money. Keep in mind, you'll still need to meet at least the minimum repayments on all debts to avoid charges.

If juggling multiple debts is too stressful, a debt consolidation loan can be a way to simplify your repayments and help you get back on track. However, it's important to consider whether you'll repay more on a monthly basis and over the course of the loan.



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How to cope with higher living costs (Cont.)

Check what benefits you can claim

Benefits and other government support can help if you're out of work or on a low income, but you may be eligible for other types of support too: For example, free childcare, or a Council Tax discount if you live alone.

Types of benefit

Government support that's going unclaimed includes:

- Child Benefit
- Pension Credit
- Council Tax Support
- Universal Credit

You don't need to be on a low income, or out of work, to be eligible for benefits – There are other types of support available too. For example, you may be able to claim a Council Tax discount if you live alone.

Talk to your Accountant to get more information regarding tax benefits.



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How to cope with higher living costs (Cont.)

Save money on your food bills

Food shopping is one of the biggest weekly household expenses. From setting a budget, to planning your meals and storing your food, there's a range of things you can do to make your money go further at the supermarket.

Save money on fuel

You can review local fuel station prices online before filling up, or take advantage of loyalty schemes. There are also ways you can make your car more fuel-efficient so the fuel you do buy lasts longer. For example:

- Keep your tyres inflated: Your car will use more fuel if the tyre pressure is lower or higher than the recommended amount
- Lighten the load: If you can, avoid driving around with a full tank of fuel and a heavy boot
- Accelerate gradually: The harder you press on the accelerator, the more fuel you'll use
- Change up a gear sooner: To avoid having to accelerate as much
- Carpool: Speak to your neighbours and friends to organise pick-up rounds
- Use public transport
- Invest in a bicycle
- Work remotely, if you can, as this can save you and your employer.



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Conclusion

From the 1st October 2022, there will be an Energy Price Guarantee; a new price cap which limits the amount suppliers can charge for each unit of gas and electricity they supply. This means a typical UK household will pay no more than £2,500 a year on their energy bill for 2 years.

This is in addition to the £400 energy bills discount to help households over winter. This non-repayable discount will be applied in 6 instalments between October 2022 and March 2023.

We hope that you found our advice useful. If you have any questions or you would like to speak with our Capium team, please call our sales line on 020 3322 5578 or email us on info@capium.com.



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