Understanding how people conceptualise household finances

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Non-technical summary

The aim of this research is to unpack respondents' reactions and understanding of particular questions in the UK Household Longitudinal Study that measure individual's household finances in order to gain insight into how to produce the most effective questions. The research reviewed specific terms used within the survey and explored responses to one version of the experimental "Finance Flow Model" that was used in the ninth wave of the *Understanding Society* Innovation Panel.

Through qualitative research that included 25 depth interviews with 15 individuals and 10 couples conducted by Kantar Public, the researchers gained insight into how the terms are conceptualised and how participants interact with the Financial Flow Model. Key insights include:

- A definition of 'household': while participants had differing definitions of the term 'household', all were able to seamlessly work with the definition provided for the survey. In other words, they were able to adapt to the survey's definition.

- A definition of 'household finances': similarly to the term 'household', while participants had different understandings, they were able to negotiate the definition used in the survey and adapt their finances accordingly

- Insight was gained through the mapping of household finances activity, particularly in relation to how participants conceptualise their flow of money, how closely they budget or manage their finances and gaining insight into the complexity of incomes

These definitions and the mapping exercise informed how people engaged with the Financial Flow Model and potential problems that may arise, revealing the following key points:

- While the model helped participants review their data, the process of getting to 'zero' was often perceived as counterintuitive and unnecessary. Participants aimed to make the middle number reflect their current account or balance at the end of the month

- Participants felt some of the terms in the model, including 'savings' and 'disposable income', were confusing or unclear. Clarifying these terms is a recommendation of this report.

- Feedback from participants suggests the need to restructure the model to ensure more accurate data input and to reframe the model if a participant has a 'negative balance'.

Three potential improvements to the Financial Flow model are recommended: refining the definition of key terms; restructuring the objective of the exercise; and re-framing the model.

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Abstract

ISER commissioned Kantar Public to conduct in-depth face-to-face qualitative interviews to explore how people conceptualise household finances. A Financial Flow model of income and expenditure that was used during the ninth wave of the *Understanding Society* Innovation Panel was reviewed by the participants. This research provides valuable insight through the mapping of household finances activity, particularly in relation to how participants conceptualise their flow of money, how closely they budget or manage their finances and gaining insight into the complexity of incomes. As well as contributing to the understanding of how people conceptualise household finances, the qualitative research also provides recommendations for improving the way that this information is elicited from participants.

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1. Executive Summary

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2. Background and methodology

2.1 Background

Understanding Society: the UK Household Longitudinal Study is a major research study, run by the Institute for Social and Economic Research (ISER), designed to enhance understanding of life in the UK and how it is changing. The study, funded by the Economic and Social Research Council (ESRC), attempts to interview all adult household members annually.

Accurate measurement of household finances is a key element of *Understanding Society*. Researchers have found that on many surveys there are discrepancies between reported income and spending; specifically, that some respondents report spending more than they have incoming. In order to better understand these discrepancies and to improve the collection of household finance data, ISER have developed a survey instrument in which respondents are encouraged to reconcile any differences between incoming and outgoing money. This instrument has been recently tested on the ninth wave of the *Understanding Society* Innovation Panel (IP9).

2.2 Aims of the research

The overall aim of this research is to inform the development of survey question(s) to measure individuals' household finances. This research will explore how to ensure that survey questions measure accurate data about household finances and are applicable to as wide a group of the population as possible.

Specifically the research seeks to:

1. Understand how people conceptualise household finances – including key concepts such as 'the household', income, spending, debt, savings

2. Explore responses to the proposed approach (Finance Flow Model) for measuring household finances used in IP9

3. Generate suggestions for refinements, improvements, or alternatives to the proposed approach.

2.3 Methodology

In order to achieve these aims and objectives, Kantar Public undertook 25 depth interviews with 15 individuals and 10 couples. Each interview lasted approximately 60 minutes and took place in the respondent's home. To ensure a broad range of experiences were reflected in the research, respondents were recruited from three locations across the UK, with a mix of gender, ethnicity, age, social grading, working status and household complexity.

Fieldwork took place between 19th September and 5th October 2016. Interviews were semi-structured and led by a topic guide that included questions, probes, and activities including drawing, mapping and engaging with stimulus. To test the Finance Flows Model, participants were provided with a simulated version of the model to interact with (shown in Figure 1.1). Researchers introduced participants to the model by reading out the same introductory text that was used in IP9

(see appendix A). This enabled full exploration of the participant's perceptions and understanding of the Finance Flows Model, and to capture where there may be any misunderstandings which are leading to discrepancies in the survey.

Figure 1.1
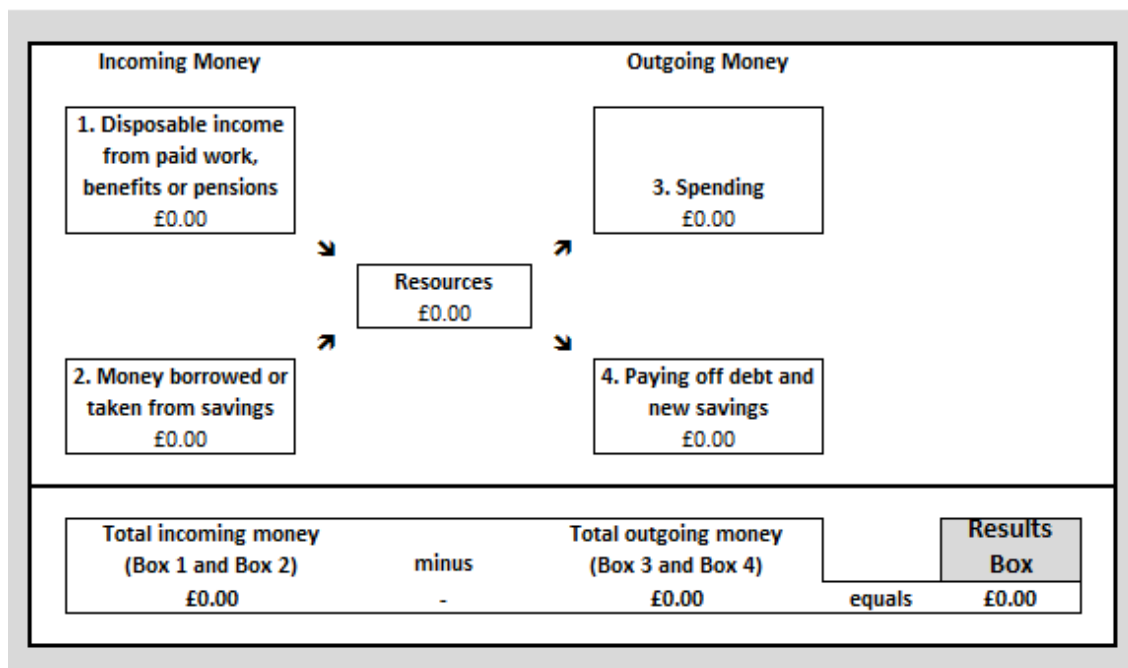
Interviews were audio recorded and all quotations used throughout the report are verbatim, drawn from these recordings. Following the completion of fieldwork, analysis was conducted by each researcher through a matrix mapping approach. Matrix mapping is an analytical approach to qualitative data, where data are charted into a matrix according to key themes and objectives of the research. This method synthesises large amounts of qualitative data, and allows them to be compared across different sub-groups. These data are then fed into a brainstorming session where researchers unpack the data, including sense checking and testing hypotheses. This rigorous, multi-layered process fed into the subsequent top-line findings and this final report.

2.4 Sample

Respondents were recruited through face-to-face, telephone, and database recruitment methods. Recruitment was centred on three locations: London, Kent and Glasgow. The sample also included a mix of primary and secondary quotas such as gender, ethnicity, age, social grading, working status and household complexity. A breakdown of the sample can be found below in Figure 1.2.

Figure 1.2

PRIMARY QUOTAS	ACHEIVED
TOTAL	
FACE TO FACE IN HOME INTERVIEWS	25
Living with partner	
Yes (paired depth)	10
No (1-to-1 interview)	15
Gender	
Male	12
Female	13
Social Grading[1]	
AB	4
C1	9
C2	5
DE	7
Ethnicity[2]	
BME Group	5
Non-BME Group	20

2.5 Structure of the report

For ease of reference, the remainder of this report is structured as follows:

- Chapter three: Participant's perceptions of household finances
- Chapter four: Mapping household finances
- Chapter five: Responses to the Finance Flows Model
- Chapter six: Potential improvement to the Finance Flows Model
- Appendices

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[1] Social Grade is the 'common currency' social classification used in market research. The classification assigns every household to a grade, usually based upon the occupation and employment status of the Chief Income Earner.

A – Upper middle class – Higher managerial, administrative or professional

B – Middle class – Intermediate managerial, administrative or professional

C1 – Lower middle class – Supervisory or clerical and junior managerial, administrative or professional

C2 – Skilled working class – skilled manual workers

D – Working class – Semi-skilled and unskilled manual workers

E – Non-working - Casual or lowest grade workers, pensioners, and others who depend on the welfare state for their income

[2] BME stands for Black and Minority Ethnic (used to refer to members of non-white communities in the UK)

3. Participants' perceptions of household finances

3.1   Defining the household

In the *Understanding Society* survey, ISER generally uses the term 'household' when talking to participants. For the IP9 experiment in which participants were asked to reconcile their income and spending, to focus was instead on the 'benefit unit' (an individual, any partner they live with, and any dependent children). The term 'benefit unit' wasn't used in the interview, rather the list of people to be included when thinking about income and expenditure were displayed to the participant. Before revealing the standard definition of the benefit unit, we asked participants to describe in their own terms how they would define their household in order to understand their perceptions of the term and their particular household context. It was important to understand who they included within their definitions as these may be the people who they include within their household finances.

Participants would often define a household by the people who live together in a house. Family members included partners, parents and children that were currently living in the house. While none of the participants interviewed mentioned relatives living outside the house (e.g. university students) as part of the household, one mother with a daughter who recently graduated university and moved back home included her adult daughter and reflected on the financial needs of her daughter when she was in university. For some, their definition of the household expanded wider than family to include live-in friends and housemates. The implications of these broader definitions meant that when participants were spontaneously mapping out their household finances, people were included who did not match the definition of a benefit unit. When interviewers revealed the definition of a benefit unit before testing the Finance Flows Model, participants were able to quickly reconcile their definition of household to fit with the benefit unit and made revisions to the way they calculated their household finances. This highlights that participants were not tied to their own conceptions of a household and were willing to adapt.

A unique view in the research was from a student who did not identify with being part of a household while living independently at university. For her, a household was when she was living at home with her parents and so friends and housemates were not included within her definition. While not including friends and housemates fits with the definition of a benefit unit, she didn't conceptualise herself (an individual) as a household and found it hard to identify with terms used throughout the interview. This could have wider implications as inaccurate data may be collected from participants who do not identify with this term in the *Understanding Society* survey.

3.2   Household finances

3.2.1   Spontaneous definitions of household finances

Before discussing household finances in greater detail, we asked participants to tell us their spontaneous definitions of the term so we could understand what it means to them. Participants

frequently referred to household finances as budgeting money. However, both budgeting and household finances was predominantly conceptualised in terms of expenditure for living in the house, such as paying for bills, mortgage/rent and groceries, and did not include incoming money.

> *"I would define it by the expenses incurred for living in the house."* (Single, London)

However, this view was not universal as a small number of participants considered household finances as both income and expenditure or 'balancing the books'. These participants were typically those that kept a closer eye on their household finances, with one couple comparing it to running a business.

> *"I look at it as a business. So when I have got my income, I have got my overheads if you like. And that's how I look at my household finances."* (Couple, Kent)

Household finances were regularly understood as money used for domestic purposes only (money specifically related to running the house), and excluded personal finances, such as leisure activities and work-related costs. Non-inclusion of ad hoc expenditures was additionally common among participants as they only accounted for rolling expenditures and omitted purchases or spending that was seen as random, frivolous or one-off. This indicates another area for the potential introduction of errors, as these participants may not be including personal finances and one-off expenses into the Finance Flows Model which could result in left over money which is not accounted for. This will be discussed further in Section 5.1.3.

> *"Yes more kind of household, more bills relating specifically to where you are living. So the house not person"* (Couple, Kent)

In some cases smaller incomes were ignored or forgotten when considering household finances. For example a few participants had left out their partner's part-time or comparatively small incomes as part of household finances. This was typically when there was one main or large income; with the smaller income being seen as spending allowance for personal pleasure.

In some unique circumstances, participants could not understand or relate to the term household finances, as this was considered to be a 'scary' word. This was the case in circumstances where the participant did not deal directly with household finances themselves or did not identify as being part of a household (as discussed above). Implications of these issues for completing the Finance Flows Model, particularly if only one representative of a couple is completing the data, could be that inaccurate data about household finances will be collected.

3.2.2 Reactions to other definitions of household finances

After participants gave their spontaneous definitions, we presented them with the definition of household finances as 'money coming in and going out of the household'. Participants generally agreed with this as a definition and viewed it as simple, easy to understand and straightforward. This definition served as a reminder to some participants who had forgotten to include incoming money as part of their definition as they had only thought about expenses. Other names they would use to describe this were budgeting or balancing, as discussed above.

In some cases this definition was viewed as too narrow as it did not encompass a breakdown of all the factors participants had included in their own definitions. One respondent gave a very detailed definition of household finances, which included mortgage, gas, electricity, water, council tax, and broadband. She felt the definition given for household finances was too narrow:

> *"Doesn't really sort of encompass all the things I've just mentioned."* (Single, London)

Additionally the definition was critiqued for not including money which was left over and just describing it in terms of flows of money rather than actively managing savings. In other cases it was seen as too broad as participants did not conceptualise all outgoings as household finances because some may be for personal leisure activities or work expenses.

> *"Because I class some [outgoings] as not household finances - leisure, pleasure, extras, holidays, dining out, going out with friends, pints out"* (Couple, Glasgow)

3.2.3 Calculating household finances

Participants had three ways to calculate expenditure when mapping out their household finances. Firstly and most commonly, participants would make educated estimates ('guestimates'), particularly for finances that tended to fluctuate each month. Often the guesstimates turned out to be inaccurate and had to be recalculated later or it affected the final sums. 'Guesstimates' also led to participants only recalling certain finances and forgetting about other outgoings until prompted and these had to be added later on. This will be discussed further in Section 5. Those who tended to make 'guestimates' were typically those who were not as active in reviewing their household finances as they felt comfortable enough in their financial situation.

> *"It's a real guesswork because I don't really struggle at the moment for money. At one time when money was tight I had to watch my spending, but quite fortunately I don't have to really worry too much."* (Single, Kent)

If participants felt unable to give educated estimates, they would refer to financial documents as a second way of calculating expenditure. Financial documents usually consisted of bank statements either in paper form, online or via mobile app. Bank statements were considered to give a fairly comprehensive overview of participants finances and those that used them were actively reviewing these either weekly or monthly depending on when they got paid and bills are due. Participants who had mobile banking apps were more likely to check their account more often due to the convenience of it being on their phone and only needing to put in a passcode or use finger print technology to get quick access.

> *"I look in my bank account all the time online. It's like fingerprint and you can look at your bank easily to see what's there and check nothing has crept up though that I am unaware of."* (Couple, Kent)

Notes and record keeping was a third way in which expenditure was calculated. This was often through paper receipts, bills and monthly spreadsheets. These participants were typically more organised and more aware of their spending and finances more generally. For example, one participant kept an excel spreadsheet where she inputted her incomings and outgoings and reviewed on a monthly basis to keep an eye on her finances and ensure she has enough money to cover her bills:

> *"I have a spreadsheet of my outgoings and my income and everything so I know how much I should put in savings, what I should put under groceries and bills, I mean I am quite organised in this sense."* (Single, London)

Another example is a couple who keep records of their expenses each month, including paper bills and receipts, which are then entered into a comprehensive ledger which goes back for many years. They both collect receipts for everything they buy from a cup of coffee to printing off Amazon receipts. Once a month they check all their records against their paper bank statements to ensure all matches up.

"There's a filing basket where all receipts go to and if anything is bought online I am supposed to print the receipts or invoices off." (Single, Glasgow)

There were mixed reactions from participants on whether they would be willing to look up information in their financial documents to help them answer questions in a survey. Generally, participants said they would be comfortable as long as there were assurances of confidentiality by researchers who will see these documents, and their personal details would not be passed on for commercial reasons. However, there were some tensions and hesitations from participants who felt uncomfortable with showing their details to a stranger as it was seen as too personal and not particularly safe.

Regular financial inputs and outputs acted as an anchor for thinking about finances. Participants found it easier to recall fixed incomes, such as weekly or monthly wages, and were therefore less likely to modify them on the Finance Flows Model. This in turn meant they were more likely to modify other outputs such as the amount spent on activities, groceries or travel.

"The income is easier to work out, because it's more or less set every month and you know what's coming in." (Single, Kent)

The calculations proved more difficult to determine for participants with less regular incomes or payments. These were typically people with multiple and precarious incomes, either due to a reliance on benefits or other forms of income support; or a reliance on ad hoc or unpredictable employment. The monthly view of finances in the Finance Flows Model was relatively complicated for these participants to complete.

In terms of outgoings, the findings were similar. Regular, fixed expenditure was easier to recall; for example, regular payments for rent/ mortgage, council tax, utility bills and phone bills. Often these expenses would be paid by direct debit and so participants knew approximately how much was going out of their account each month and they were easily and specifically accounted for. However, for some participants, having direct debits meant that they were less likely to be able to recall exact costs because they were less directly involved in organising the payments. These participants were also more likely to forget expenses which were direct debit when mapping out their finances and these had to be added in later on.

Irregular or fluctuating expenses were harder for participants to recall, often requiring prompting. Groceries were an example of these types of expenses as the amount participants spent on food each month tended to fluctuate, particularly if a rigid budget was not set. Irregular payments for one-off items, such as clothing, were also difficult to recall and often was not accounted for in the Finance Flows Model. In particular, large one-off payments were seen as falling outside a 'usual or typical' month and so would tend to be forgotten. These recall issues may have implications for the accuracy of information collected through the Finance Flows Model.

3.3 Household finances in practice

Participants often reported that the times in their day-to-day lives when they think about their household finances are often around the end of the week or month when they get paid or when they need to pay bills. In other words, these participants were often thinking about household finances in an income receiving timeframe. This viewpoint was not universal, with experiences of household finances on more extreme sides of the financial spectrum relating to their household finances differently. Some wealthier participants suggested that they did not need to think about their household finances because they were financially comfortable and had direct debits set up for important payments..

"We are not really looking. If we need something we don't have to wait for the next pay packet to come in. even if we didn't get this one we've got plenty of money in our accounts to just sort it out straight away." (Couple, London)

On the other side of the financial spectrum, was the perspective of a single mother who was constantly thinking about her household finances. This participant was continuously reviewing her situation and going to the bank every day to check if any money had come in and what money had gone out to ensure she was on top of her finances.

"Generally every morning I go to the bank for some reason or another. I check to see if there's any money gone in, I check to see if any money, what money has gone out and if the bills have gone out correctly on time." (Single, Kent)

Other times in which participants think about household finances are in situations when they are trying to save up money; for example, saving for a holiday or to move house. Additionally, Christmas and birthdays were reported as times when participants had more outgoings and so would need to keep a closer eye on what they were spending. One participant discussed needing to pay closer attention to her household finances after returning to work following maternity leave on reduced hours and therefore a lower income.

The varying experiences presented in this research reflect the nuanced and often complicated relationship households have with their finances. The financial situation of individuals, particularly their level of financial stability, affected their knowledge and relationship to household finances. Furthermore, within individual households, people's hold on their financial situation varied according to changing circumstances and times of year, thereby affecting their ability to provide accurate information for the survey. It could be argued that the current model works best for households on fixed incomes with a mid-level degree of financial stability and are therefore able to have direct debited monthly outgoings but must budget their other expenditures.

3.4   Discussing finances with partner

Our interviews with couples and individuals who live with a partner revealed two ways in which finances are managed. Firstly, in some cases both partners were responsible for managing their household finances. In these circumstances the participants would either have a joint bank account which their wages would be paid into and bills would come out of, or they would have separate bank accounts and be responsible for paying for specific bills. An example of the latter was where one person's wages paid for groceries while the other's paid for the mortgage and the utility bills. Within a couple, awareness of each other's spending was inevitably linked to whether or not they shared a bank account. For those with separate accounts, there were mixed views about the importance of understanding their partner's spending. For some, it was only important that their partner paid for their share of the bills and they were not aware of how they spent the rest of their money as this was not a concern to them. For others, they were more aware as they would check in with their partner to asses if there is enough money in their account for other things.

The second method was where one partner was solely responsible for managing finances. In these cases the participants who managed the finances was more aware of their partners spending, either by asking their partner, or checking bank accounts directly. In some cases there was more systematic reporting by sitting down and going through spending to add to their spreadsheet or by collecting paper bills and receipts for documenting. Partners who were not responsible for managing their household finances were often not aware of spending and saving as this was left to their partner.

Couples were willing and comfortable to take part in a survey interview on household finances together, and individuals who were not involved in managing household finances suggested they would be more comfortable having their partner there. Overall, this suggests that it would be preferable to interview couples jointly where possible, particularly for couples that have levels of autonomy over their personal finances or are more relaxed about their financial management. These couples would benefit from working together to unpack their income and expenditure.

4. Mapping household finances

Four models of presenting household finances emerged from the mapping activity (described in detail in Section 2.3) during the qualitative research, with financial complexity being a key driver to how participants conceptualised their household finances. The four models – Basic list, Basic flow, Surplus vs. Savings, and 'Micro-flows' – will be described in detail below, with specific cases chosen from the group of participants that best represents each of the models. While this research is qualitative in nature, and cannot be used to draw conclusions about the wider population beyond our research sample, the models and case studies presented below provide insight into the complexity and varying relationships people may have with finances. This insight can feed into a deeper understanding on how to approach the survey and pre-empt potential confusion of the model ISER currently uses.

4.1 Basic list

The 'Basic list', the simplest model for mapping finances, is one in which finances are presented as a series of individual items. This model was used by participants with the simplest situations, namely those with highly regular finances or very low fixed income. For this model, participants listed items in the order they recalled them. While many split their lists between income and expenditures, a few participants listed income and expenditures together without distinguishing between them.
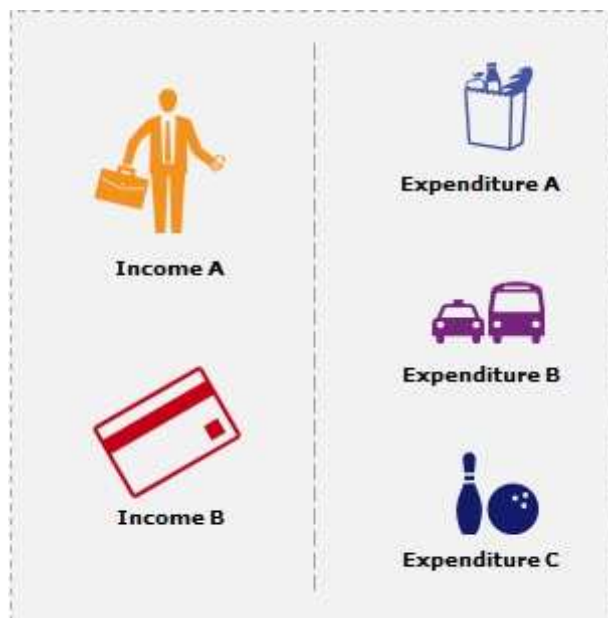
Case Study: Single Man

Bill* lives alone in Kent. He is divorced and does not have any children and so his finances are relatively straightforward. Bill has a full-time job for which he gets paid monthly. Relative to his prior circumstances, Bill feels he is doing well financially:

> *"Well, I got a chance later in life, really. I wish I'd had this job 30 years ago because the money's not bad now. I'm actually financially better off now than I've ever been but it's at a stage of my life when I wish I'd had this job 30 years ago, really, when money was tight, sort of thing. But I'm not struggling financially now because it's ideal." (Single, Kent)*

Bill feels pretty well off at the moment, so he doesn't worry too much about finances or what he is spending.

> *"So I'm in a position of, now, like the old- I think, oh, I can't afford to go out tonight because I haven't got the money; I'm not in that situation anymore, fortunately…So I don't really take that much notice of this, to be honest (Laughter)." (Single, Kent)*

He will check his bank balance about once a month on his online banking website, which produces graphs on the income and outlay for his account. Often this prompts him to think more closely about his expenditures:

> *"Yes. It's quite good because it's got that little graph just, as I say, it tells you the outgoings and sometimes I'll go, oh, what's happened there? And I suddenly realise I've bought something and the outlay has been more than the income for the month." (Single, Kent)*

From his perspective household finance is simply money related to the household:

> *"To me it just means paying all the bills – generally the upkeep of the place, electric and maintenance and everything else. Everything to do with the house, basically." (Single, Kent)*

For Bill, his household finances are simple and he is financially stable, so it is something that he rarely thinks about and conceives of as only his income and a list of expenditures.

4.2   Basic flow

The Basic Flow, which aligns more closely with the Finance Flows Model, depicts a direct relationship between a participant's incomings and outgoings. For participants with simpler financial circumstances, this was a highly intuitive way to represent income and expenditure. In this
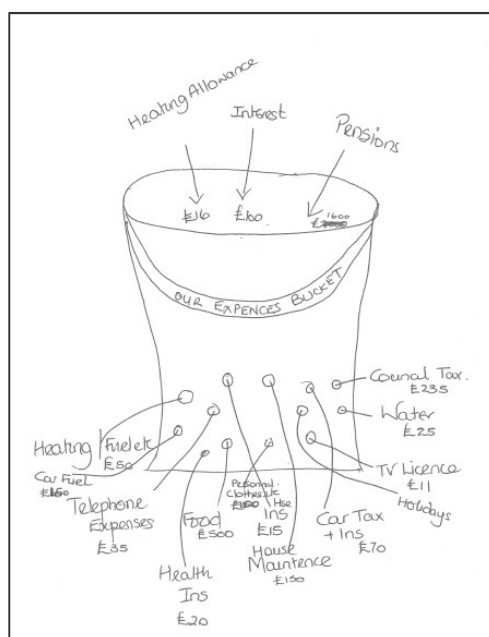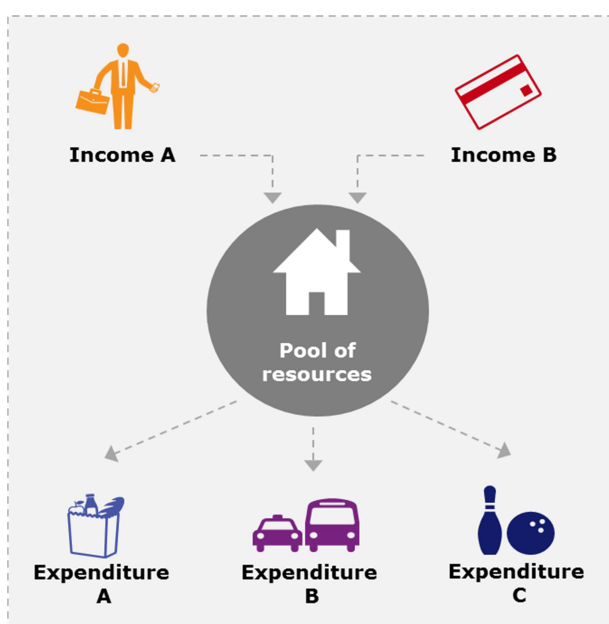
model, participants imagined a central 'pool' of resources that incomings fed into and expenditures withdrew from. However, this model did not account for any surplus or deficit.

Case Study: Couple, Retired

Dan and Amy* are a retired couple living in Kent. While they live by themselves, they have a large extended family nearby - Amy has two children and four grandchildren. Dan sees running a household much like running a business:

> *"I personally would call it household finance, yes, yes. I look at it as a business. So when I have got my income, I have got my overheads if you like. And that's how I look at my household finances." (Couple, Kent)*

Though their financial circumstances are relatively simple and stable, they are very engaged with their household finances and usually think about finances at the end of each month when they sit down with all their bills and receipts and make sure all the charges are correct.

> *"You have to run your household finances like a business. That's the easiest way to do it, you know what you have got coming in and you know what you can spend." (Couple, Kent)*

They avoid putting bills onto direct debit to increase the amount of control they have over their expenditures, which helps them to stay on top of their accounts:

> *"To me it's easier to be able to forget that you are actually paying this one and then suddenly you pay for something else and then you can't afford it, so I think that's a big danger and whether I am old school or not, that to me is important." (Couple, Kent)*

Tracking their spending closely allows Dan and Amy to know precisely how much can be spent towards large one-off expenses like their holidays.

4.3 Surplus vs Savings: Active consideration of 'unused' money

In the Surplus vs. Savings Model, participants gave direct consideration of unused money in their models. These participants, who tended to be forward-thinking, actively reflected on the 'pool' of resources and included savings and surplus as distinct elements of their models. The remainder in this model was divided between money put into a savings account and money that remained for
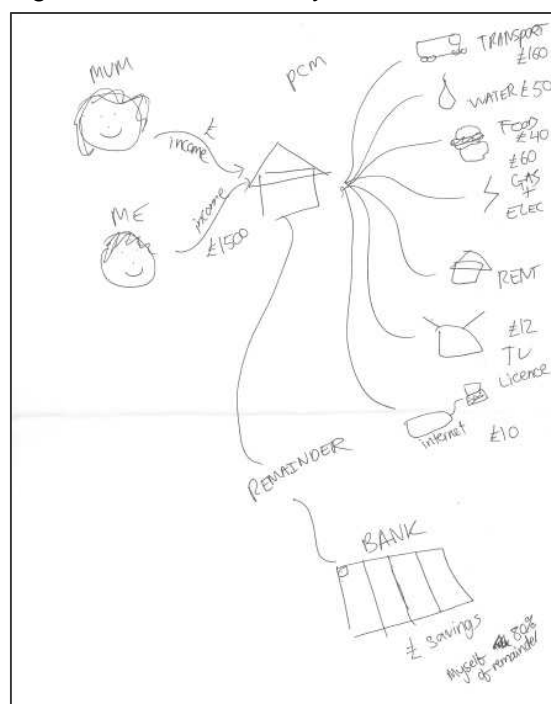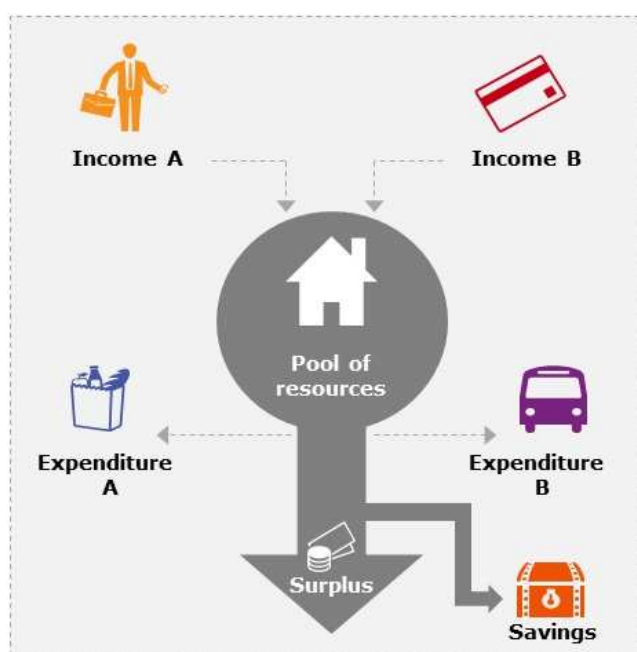
future use as surplus income - but both remain part of the future 'resource pool'. While other participants included savings in their models, in this model savings/surplus funds were distinct from other expenditures.

Case Study: Son and Mum Living Together

Nick* is a 22 year old student who is currently on a work placement in London and living with his mum in the house he grew up in. His household has changed over the years as his three sisters have moved out of the house. He has lived on his own as a student, but now because of his work placement he is back in London with his mum. His definition of household finance hinges on the people that are part of the household:

> *"Obviously there are more things that household finance involves, but I define it by people, like, live in the house, put their money into the house, and it slowly is drip-fed out through bills and expenses." (Single, London)*

Nick can be described as a "saver" and is conscious of his spending and likes to save his money:

> *"I do save a lot of my income just because I don't really- I always try to save as much as I can because I just feel bad spending a lot of money." (Single, London)*

His household finances are a bit complicated as they are currently intermingled with his mum's. She pays for rent, broadband, gas and electricity, while he takes care of TV licence, his own transport, and he sometimes gives his mum money for food. Nick makes a conscious choice about what to do with the money that remains after all of his outgoings (e.g. TV licence and transport) are accounted for. Of the money that remains after Nick has paid all of his expenses, 80 percent goes into a savings account, and the rest is for optional spending:

> *"And then the other 20 percent of that would just be on day-to-day expenses, like maybe on going out once a week or just things that I don't really plan for." (Single, London)*

As a "saver" Nick makes distinctions between the surplus money in the household and savings; Savings are a percentage of his surplus and what remains left is his spending money.

4.4 'Micro-flows': Accounting for each item of income/spending
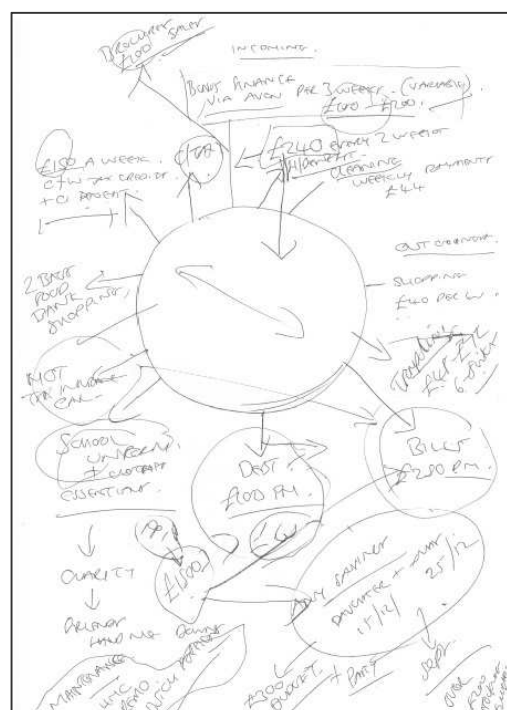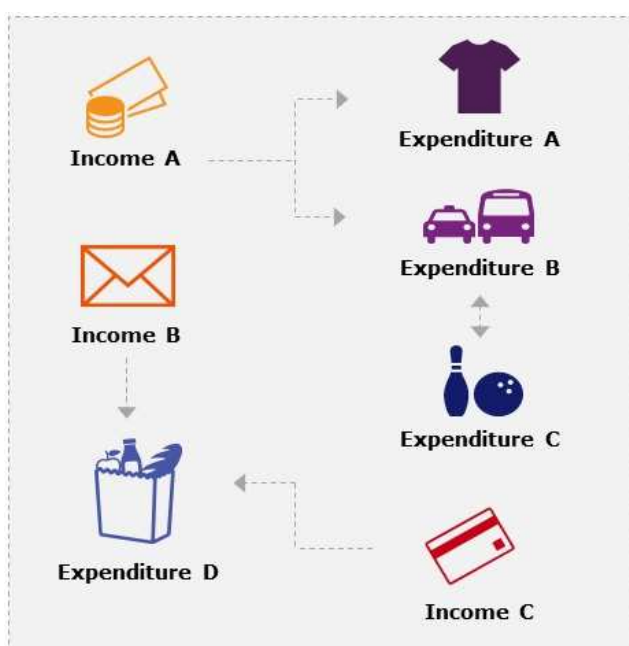
The 'Micro-flows' Model emerged from participants who had the most complex finances – participants with multiple sources of income, limited savings to draw on, and relying on overdraft and borrowing to meet expenditures. Participants used this model to express complex calculations about how each item of income and expenditure are accounted for, offsetting these against each other.

Case Study: Single Mum, Self-Employed

Anna* is a single mum with a six year old daughter who describes her household as "busy" and "chaotic". She is self-employed, as well as undertaking occasional ad-hoc employment.

She says she has always lived hand-to-mouth and currently receives working tax credit, child tax credit, child benefits and housing benefits. For food, Anna goes to a food bank at the local church, which she says she never thought she'd have to do. Her income is extremely variable; she usually gets paid every three weeks and the amount will depend on how much she has sold and whether she receives any bonuses.

> *"I think that is my frustration because money doesn't just, I don't just go to the bank and get £1500, ah brilliant it's in my bank account, now I can leave that in there and take that out. It comes in bits, it fluctuates. So I think that is probably my problem. So yes in theory it might be around that kind of figure but it is not really because it comes in bits and bobs." (Single, Kent)*

Anna is constantly drawing from her various sources of income to cover expenses as they arise, sometimes even using housing benefit to cover other essential costs:

> *"Sometimes I have to chip in, like I have done today, I have to chip in to my housing benefit to pay for essentially living. You know certain bills that need paying, or petrol for the car, for my job, you know just general things like that. And then it gets shifted around. So now I've got to put, I've got until about Wednesday next week to get that paid before they come on top of me so I've got to find £240 within the next week with just this, possibly a bit of this and possibly a little bit of this." (Single, Kent)*

Because of the nature of her finances, Anna worries constantly about her bills. She stops at the bank nearly every day to make sure bills are paid out so she knows precisely how much money is left in the account:

> *"Generally every morning I go to the bank for some reason or another. I check to see if there's any money gone in, I check to see if any money, what money has gone out and if the bills have one out correctly on time. If they have not I chase them up because the money is in the account so therefore I don't want to forget about it and spend it." (Single, Kent)*

Anna's income is unpredictable, which means she is often moving money around to cover her expenses, and this process may not look the same from month to month.

*All names have been changed

5. Responses to the Finance Flows Model

5.1 Understanding of the model

Overall, the Finance Flows Model was well understood by participants with simple finances, despite some initial confusion when tasked with completing the exercise. Initially the Finance Flows Model aligns well with the maps participants created. It was easy for them to fill in the 'Disposable income from paid work, benefits or pensions' and 'Spending' boxes because it aligned with how participants intuitively think about finances. 'Money borrowed or taken from savings' and 'Paying off debt and new savings' proved to be more difficult to complete, this could be because most participants generally didn't have these in their maps.
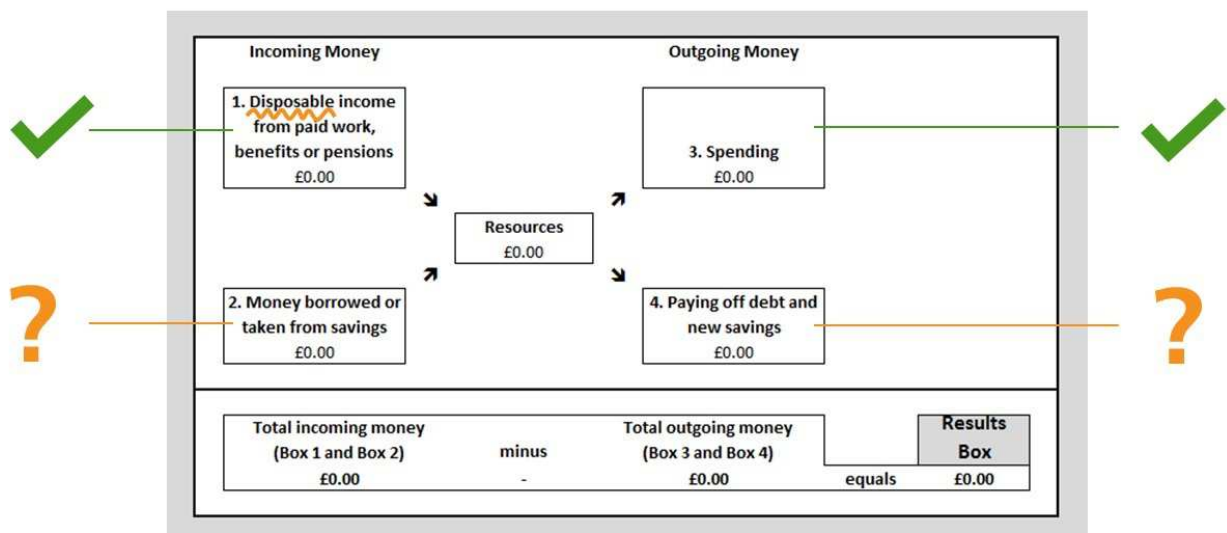
5.1.1 Overall experience of the model

When presented with the Finance Flows Model, most participants felt it was easy to understand and straightforward. The model was seen as simple and thus could be used by many types of people regardless of their circumstances.

> "It's simple, which is good, because people from all walks of life could use it. It keeps things as simple as possible." (Couple, Glasgow)

Participants felt that the Finance Flows Model was similar to the household finance maps they created themselves and this model was a simpler, more streamlined version of the maps they created.

> "It reflects it in a summarised way because that is all messy and there's too many things there. Whereas that condenses it into all the boxes." (Couple, London)

However, for several participants, the model was perhaps too simple – they would have liked additional boxes to indicate what should be included in the model. This was particularly true for spending, which required adding together many different items. This task was made easier for participants by the process of creating their own maps and generating the monthly figure for each item before completing the Financial Flows Model.

> *"It makes it much more simpler but you do need to go through the basic of this, of the drawing before you get to that. You don't really realise what is going on until you have done something like this." (Single, Kent)*

The 'Money borrowed or taken from savings' and 'Paying off debt and new savings' were the elements of the model that caused the most confusion and required further explanation, especially given that most participants did not include these elements in their own maps. Altogether, the Finance Flows Model was well understood by participants and as a result it was relatively easy for them to complete it.

5.1.2 'Disposable income from paid work, benefits or pensions'

This part of the model was easiest to complete for participants with regular, stable incomes that were paid out monthly and who did not receive any additional benefits. For participants with reliable weekly wages, a simple calculation was made to convert this to a 'monthly' wage.

> *"Well I know what my monthly salary is so that's it, and that's all, I don't receive anything else, so yes." (Single, London)*

For those with complex sources of income (e.g. freelancer, self-employed, multiple benefits/ pensions), completing this element of the model was more difficult.

> *"There's nothing set of what we actually earn. We can literally earn virtually double some months what we earn another month." (Single, Kent)*

For these participants with variable or multiple sources of income, they estimated or gave a "best case scenario" for their monthly income. This meant some participants were starting with estimates or guesses and when completing the diagram having to go back and adjust their income. This exercise brought forward the idea that the model works on an assumed knowledge of income over an assumed knowledge of expenditure, an insight we will discuss later in Section 5.

> *"And then obviously if you had a bad week we could lose £500 of those incomings wouldn't we? So we just base it on the best case scenario and then do the worst case scenario when it comes." (Couple, Kent)*

Another insight revealed from this process is that the term 'disposable income' was not interpreted the same way by all participants. While some participants believed this was simply income after tax, other participants interpreted this as money left over after expenditures:

> *"So when you say disposable you mean money that I can spend extra outside of the household finances? Or do you mean my total income? Disposable to me means that the money is like, well it is spare for you to be able to spend." (Single, London)*

Changing the language for this part of model will ensure participants interpret this in the same way and provide the correct figure for 'Income'.

5.1.3 'Spending'

As discussed in Section 3.2.3, it was easier for participants to remember regular outgoings that had set costs each month and are typically directly debited from account. However, in some cases,

using direct debit made expenditures more difficult to recall because they would forget the exact amount that was being debited. It was more difficult for participants to recall and accurately report irregular and ad hoc spending like groceries or clothing (see Section 3.2.3).

Some participants felt the model was too simple and could perhaps be more explicit what is included in 'Spending':

> *"I think this diagram is just a bit vague because it doesn't give you enough options to put other types of expenses in there, because if you put spending, it is not just spending, you have to break it down, well for me anyway I feel like I need to break it down further so I know specifically where things are going." (Single, London)*

This would help prompt them on items they may have left out and ensure expenditures are being reported accurately. In addition, some felt the Finance Flows Model did not account for 'unplanned spending,' which is conceived of differently than regular expenditures because it is not a set amount from month to month. Similarly, for couples with both a personal and a joint account, the joint account was seen as related to household finance and spending from their personal accounts, often ad hoc or with cash, was seen as distinct from the household. This also reveals that for some, the concept of household continued to be separated from personal ad hoc and leisure spending and they wished the model would reflect their banking structure (e.g. multiple accounts for different uses).

Finally, there was no consensus about where credit card spending/payments should go among the participants. Some participants thought of credit cards as expenditures when they were paid (similar to other bills and utilities), while others classified them as paying off debt. One participant that classified credit cards as 'Spending' suggested that if he made a big purchase with a credit card that he couldn't pay off right away, then this would fall into 'Paying off debt'. Another participant felt credit card debt was expenditure because she no longer actively used the credit card and was just making payments on the balance:

> *"Kind of debt for me is- It's just a regular outgoing – the same as a phone bill, really. It's just something that just goes. But I guess if you have an active credit card that you're still using…" (Single, Kent)*

5.1.4 'Money borrowed or taken from savings'

Oftentimes, this box was not used by participants, especially given that participants did not generally include borrowing in their own maps. In addition, there was some general resistance to the idea of borrowing money as an 'incoming', and some participants conceptualised it as a 'outgoing'.

> *"I see taking money from savings as an outgoing, because you're depleting your capital."* (Single, London)

Further, some participants felt that the money would have already been accounted for in the 'Income' box.

> *"I don't know, not really. It's not really an income, it's already come in." (Couple, Kent)*

Another respondent had the expectation that money taken from savings has been taken for a specific spending purpose, and thus should be included in the 'Spending' box.

> *"Taking money from savings? Well, again, it's this spending, isn't it? It's if I take the money out of the savings to use something, it's spending again, as far as I'm concerned." (Single, Kent)*

5.1.5 'Paying off debt and new savings'

The Financial Flows Model revealed differences in how participants think about the term 'Savings'. The excess money that remains in participants' current accounts is seen as distinct from 'Savings'. For some participants, there is a sense that money must actively be put into a savings account for it to be classified as 'Savings', as opposed to excess money that accumulates in the current account. This links with similar understandings of spending relating to the formation of different bank accounts for different purposes.

> *"The money I'll get left over at the moment just stays in my debit account. I don't actually put it away for savings at the moment because it's not worth doing" (Single, Kent)*

One couple used the results box to determine what this figure will be, but first add more into expenditure to arrive at a figure that seems appropriate. They then put the figure from the 'Results' box into the 'New Savings' box.

As mentioned in Section 5.1.3, many participants considered 'Paying Off Debt' to be part of expenditures. One participant, for example, included mortgage payments in expenditures rather than paying off debt:

> *"What would you class as paying off debt because a mortgage is a debt, so do we put our mortgage in there rather than in spending? Paying off a debt and spending is the same thing surely because you are still spending the money." (Couple, Kent)*

5.1.6 Results

The figure produced by the 'Results' box was interpreted in two ways. For some participants, it was clear that the purpose of the exercise was to get the results box equal to zero and 'balance' their household finances:

> *"I think it's- It's just a balance of my income and expenditures – my household balance." (Single, London)*

For other participants, the 'Results' box represented the amount of money left over, sometimes called 'disposable income' or money for 'unplanned spending':

> *"That shows the amount that I have after I have apportioned it to saving, after I've paid off everything that I incur for bills and- et cetera, and it's the amount that I spend on unplanned expenses." (Single, London)*

> *"I don't think I'd call it a results box either. I think I'd be more inclined to say something like monthly left or something. Not a results box." (Couple, Kent)*

It was generally more intuitive for participants to treat this money as 'excess' money or money that is left over at the end of the month or the negative equity that will be carried over to the next month. As discussed in Section 5.1.5, some participants went a step further, using the model to calculate what the 'excess' is and then incorporating this back into the Finance Flows Model in the 'New Savings' box, which then brought the results box to zero.

5.2 Use of the model

The Finance Flows Model helps to refine participants' thinking about their household finances, and encourages reflection on the surplus or deficit that remains.

"It looks like, you know your personal balance sheet, assets and liabilities. Like you have a company balance sheet and financial profit and loss. So it's just like a personal balance sheet ... It's good because I think you can adjust the figures and see the output." (Couple, London)

The instructions were helpful in explaining the model and clarifying who should be included in the Finance Flows Model. Participants that had included individuals such as adult children in creating their maps excluded them after being given further information about the Finance Flows Model.

As mentioned in Section 5.1.6, most people did not instinctively understand that the intention was to have the results box equal out to zero. Upon further explanation many participants could understand why the model should end with a zero in the Results box, but this was not intuitive for most participants.

"It's a fairly straightforward and obvious way of showing what goes in and what goes out, and are we doing positively or negatively at the end of it." (Single, Glasgow)

Most participants intuitively felt that the results box should show what's left at the end of the month, rather than have it equal to zero:

"Well, I would like it to be a figure to show that there's something left at the end of the month that you could put into new savings or- a just-in-case." (Single, Kent)

"That's showing we've still got that left to spend." (Couple, London)

After respondents completed each of the boxes, where participants had a remainder in the 'Results Box', they evaluated the figure, and, if it seemed too high, made adjustments to other figures in the model in order to arrive at a result that aligned with their expectations.

"I think because we were aiming for the result box to be a smaller figure, we kind of had to, I know that I obviously don't have like £450 extra left over, so obviously that needed to go under spending, it wouldn't go under savings because I know how much I save." (Single, London)

Not all respondents, however, needed the model to prompt them to remember all their income and expenditures accurately. This was especially true for low-income households:

"It's easy enough to understand, but I'm so aware of mine that I don't need- You don't need a recollection." (Single, Kent)

The Finance Flows Model can account for and prompt participants to remember most of their incomings and outgoings, but it can only go so far, particularly for participants with complex finances:

"It doesn't feel like I've got surplus. When I look at that I think why haven't I got that surplus as £100 to £200. The thing is because we were doing it off the top of our head it is quite hard to remember absolutely everything. You know sometimes I've bought, I buy, something I need for the printer or something and that can be an extra £20 that goes, or there's a birthday party coming up so she needs to buy a present for a friend, and a card. So it is things like that, that don't come all the time but are in the budget. I suppose that is where the rest of the money goes is the little things." (Single, Kent)

A key insight drawn from this research is that participants did not need the Finance Flow Model to equal to 'zero' in order to amend and place accurate details into the model. As explained above,

many found it more intuitive to have an accurate number left in the pot that would reflect their current account, even if that number was negative. Participants were overall comfortable knowing an accurate view of their capital or debt and worked to present that number.

6. Potential improvements to the Finance Flows Model

6.1 Refine definition of key terms

A key insight that can be drawn from this research is a need to improve the Finance Flow Model through either expanding or refining the definition of key terms that are causing confusion to participants, namely 'Savings' and 'Disposable income".

6.1.1 Savings

- Participants instinctively view 'savings' as 'long term investment'. In other words, an account that is primarily added to rather than withdrawn from and distinct from current account or short term savings

- Short term withdrawals from savings are as undesirable as taking out a loan

- Participants are not comfortable describing surplus income / 'extra money in current account' as savings. More explicitly, they prefer to leave this in the Results Box as 'balance'

- A broader definition of savings is need that includes 'taking from/adding to money held in current account'. This may help clarify the term

6.1.2 Disposable income

- Many see 'disposable' income as representing 'income left over once expenses are accounted for' rather than the total of income after tax. This leads to confusion and mistakes

- Participants preferred language is either simplified (just 'income') or specified ('income after tax')

6.2 Restructure the objective of the exercise

The objective of the exercise – to get the results box to equal zero – was not clear to most participants. When this objective was clarified, participants preferred to have the results box take one of three more intuitive formats

- **Aim for the Model to result in a positive or negative 'balance' for the month:** closely reflecting the 'Surplus vs. Savings' model. Rather than aiming to reach zero, participants can leave the remaining amount as 'surplus money' or 'use of previous surplus'

- **Aim for the Model to equal out to 'zero' – but with a clarified and expanded Savings category:** by expanding/clarifying definition of savings, participants can include the surplus and balance to 'zero'. This is less intuitive but may force people to think about the remainder more critically

- **Aim to calculate current bank balance:** if bank balance for start of the month entered, participant can aim to get as close as possible to their current bank balance, rather than an abstract +/- figure. This would not work for those with multiple accounts, or who can't recall start-of-month balance

6.3   Re-framing the model

The third potential change is to have two ways of framing the model depending on whether the participant reports a positive or negative balance, which will be determined through survey questions. Framing the model differently will address the issue some participants faced when they had a negative balance. Because they saw income as fixed, and having plotted out income first, they were reluctant to 'increase' their income in order to reach a balance of zero.

The model could be cognitively framed in the opposite way for participants with a negative balance. Rather than asking them to account for how their money was used ("…all of this money must then go somewhere…"), they could instead be asked to account for how their expenditure was funded (…"all of that money must have come from somewhere…")

Income - Outgoings = £500	Income - Outgoings = -£500
"…all of this money must then go somewhere…"	"…all of this money must have come from somewhere…"

For participants with a negative balance, reversing the instruction makes the task easier to understand. The task is not just about identifying any additional sources of expenditures, but also to identify any additional or alternative sources of income. Reframing the model forces participants to reckon with more unorthodox ways of funding their spending (e.g. loans, gifts from family, use of current account/overdraft) as an explanation, rather than implying that they have more 'income' that they haven't disclosed.

Appendix A

Finance Flow Model Introduction:

"We would now like you to think about the money that you have coming in and going out in a given month. Please include your partner but not any other individuals (such as children or other family members).

Money may come in from paid work or you may receive benefits or pensions (Line 1). You may borrow money, or withdraw from savings (Line 2). All of this money must then go somewhere. The money flowing in in a given month is balanced by money that flows out. You may spend money during the month on things like bills, groceries, travel and so on (Line 3). You may also use the money to pay off any debts, or put some into savings or keep some in your bank account (Line 4).

In this section, we want you to think about these flows of money and to try to balance the money that came in during the last month with the money that went out.

This is a new way of collecting this information and it is important for researchers to learn about how people manage their money and how they are managing to get by these days, across all types of households and financial circumstances."

Appendix B

BASIC LIST Household Finance Maps

Income - £ 2,400.

Outlay - Electric - £ 70

Council tax   -   £ 75.

Virgin Media   -   £ 100.

Water Rates Total   -   £ 20.

Mortgage   -   £ 110.

Endowment   -   £ 60.

Food   -   £ 300.

General   -   £ 200.

Petrol.   -   £ 60

incoming

Wages   £ 500pw £2000pm
Child tax credits 67.00 pw
Child benefit   33.00 pw

outgoings

Rent   £400
Council Tax   £110
Water   £50
Waste water   £50
Gas   £40
Electric   £40
Sky   £30
phone Contract £28
T.v Licence   £13
Food   £150 - £250
Catalogue   £120
credit Card £60
petrol   £50
Car insurance £32
home insurance £12

(70) clubs   bus pass   uniform
(50) clothes   CHILD EXPENSES (80)
            nursery/after school
     school   utilities   gas water elec. (140)
1,000   meals (115)
   Wages/Salary   rent/mortgage/council tax
   benefits   food (300)   (500)
     | Car expenses
   Tax credits   (120)
600   Income Support
   Child tax credits
   child benefit

1 - 1,600
2 - 1,800
3 - 200 - MUM.
4 - 15 debt

(11)

INCOME   EXPENDITURE
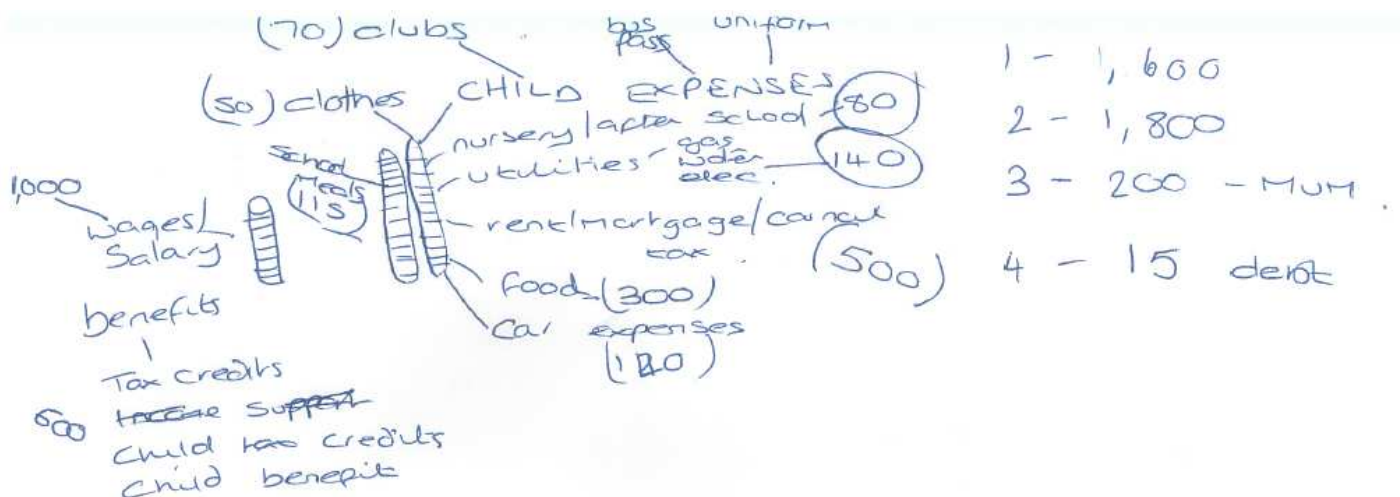
1.   PENSIONS 529   63.-   144   A) RUNNING COSTS
                            213   DAILY/WEEKLY/MONTHLY
                            941.
                            626
                           1924   B) INDIVIDUAL PURCHASES
2.   INTEREST   7
                    very little
3   SPECIFIC WITHDRAWALS c)   SUNDRIES
        FROM INVESTMENTS
             5,000

1.   PENSIONS FROM -   A - GAS. ELECTRICITY
        SRC   RATES ETC
        STATUTORY
                                     B - GROCERIES ETC
                                          MEALS OUT
2.   BANK & INVESTMENTS   ENTERTAINING

3.   As REQUIRED FOR   C.   As REQUIRED !
        HOLIDAYS ETC.

                           469.   1924
                           611.   1580
                           500   344
22.   1580
3
34
40   } household bills
200
120
90
469

1610.   1176.87 } credit card bills
435   726.32 } much higher than norm
 15   19

BASIC FLOW Household Finance Maps

INCOME

* Rent_water
£600

TRAVEL
£96
£~~100~~ 50

Finances

COUNCIL TAX
£94

FOOD+ HOUSE
ITEMS

GYM
£17.99

UTILITY
Phone bills - £100
electric - £40
very - £36

Money In   £800.00
pension = 500
pension = 595
Salary - £1000.
Investmet £   £1800.00
Car

Interest £60 per Month
from Bank

£400   £84 SKY   Elec   £400   38 per mnth
Shopping   £120pm   £50.   water per year
                £Telephone 35

Golf   Mobile   holiday
Membership   £30.00   £250.00
£120 pm
                                Rates
                                £42
                                Gas 40.00

£1980
36

income 2,600
/wages

gardening -£5

mortgage -£1100

bills (gas, electric, water, phones/broadband, canal tax £300   300

food (meals out) £400

decoration/upkeep £200   £100

holidays/going out   £100

transport (uber!!)
(bike)   £50   30

→ insurance

clothing
£50   £30

gym membership
£15

MONEY IN

- Salary   2000
- Salary - 800
- EXTRA WORK - 1.50
- CTC

SAVINGS
- BANK
- PENSION
(WORKPLACE) APY

45   40   15   16

MONEY OUT

400 p/m   Mortgage ✓ D
600 mth   - SHOPPING
              L Grocery

          - BILLS
100 mth   L Energy   D
40 mth   L Car Insurance   D
90-110   L SKY   D
50/60   L MOBILE PHONE   D
mth   L
£100   - ENTERTAINMENT
50   - UNEXPECTED.

SO   SO

SALARY/INCOME   SALARY/INCOME

MONTHLY

WATER £25   ELECTRICITY £42
GAS
OTHER   TOILETRIES   £10
          KITCHENROLL
          GROCERIES
          HOUSEHOLD NECESSITIES.
          INTERNET   £40.
COUNCIL TAX
RENT   £115
£1400

£1350   £ IN

RENT   £950
GAS   £12
ELEC.   £12
WATER   £12
COUNCIL TAX   £6
CREDIT CARDS   £21
BROADBAND + PHONE   £25
GROCERIES   £250
TRAVEL   £50
CLOTHING + FOOD LUNCH   £40
HAIRCUT/MAKE-UP/TOILETRIES   £10
GOING OUT HOBBIES   £15
GLASSES/EVERY ENDS 2 YEARS   £28

NOT EVERY MONTH

£25.00 week.

Fun money.

£50.00 month.

Clothes + Shoes

HSA – healthcare plan . £30.00
Electric/Gas. £90.00
Water £30.00
mortgage £500.00
Council Tax £150.00
Phone/Broadband. £35.00

Bills.

Family allowance. £82.80 p/m

£££

Tax Credits £441.00. p/m.

food

£70.00 Weekly. £280.00 + Receipts.
£10.00 Ethan's lunch money.

Maintenance £200.00. p/m

Home. Maintenance Mr Fixit

£30.00 gardener month.
£50.00 ongoing monthly.

Earnings £800.00 p/m.

Credit Card

£75.00

£40.00

Dentist Health Costs.

£40.00

Car.

Petrol £150.00 p/m
£100.00 p/m
Tax
MOT
Ins.

Vets/ Pets.

④

£240 — car payment
£50 ← CC
£50 — BB virgin
£75 travel
£160 Council tax
£300 Food —
£75 electricity —
£30 mobile phones —
£473 Nursery cost —
£510 Mortgage —

(12 in total)

CHRIS WAGES 1750

Husband's/ Chris personal account

1500

Chris etc

PTE 533 WAGES

Pte wife's +
Pte's personal account

CENTRAL BANK.

JSA

GOVERNMENT INCOME
650

TV
LICENSE
33.81

Travel
£146
£30

Food,
£50pm

Rent.
£620

Mobile
Phones
£40-50
£36pm

Luxury
£20 pm

£ 1,97?
679

Gifts?

Kids.
?

College
£136.50

Savings
£620
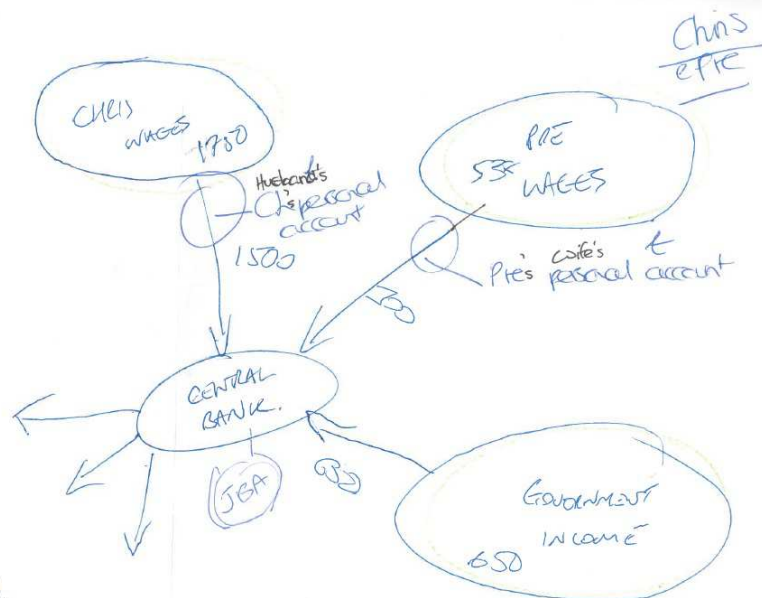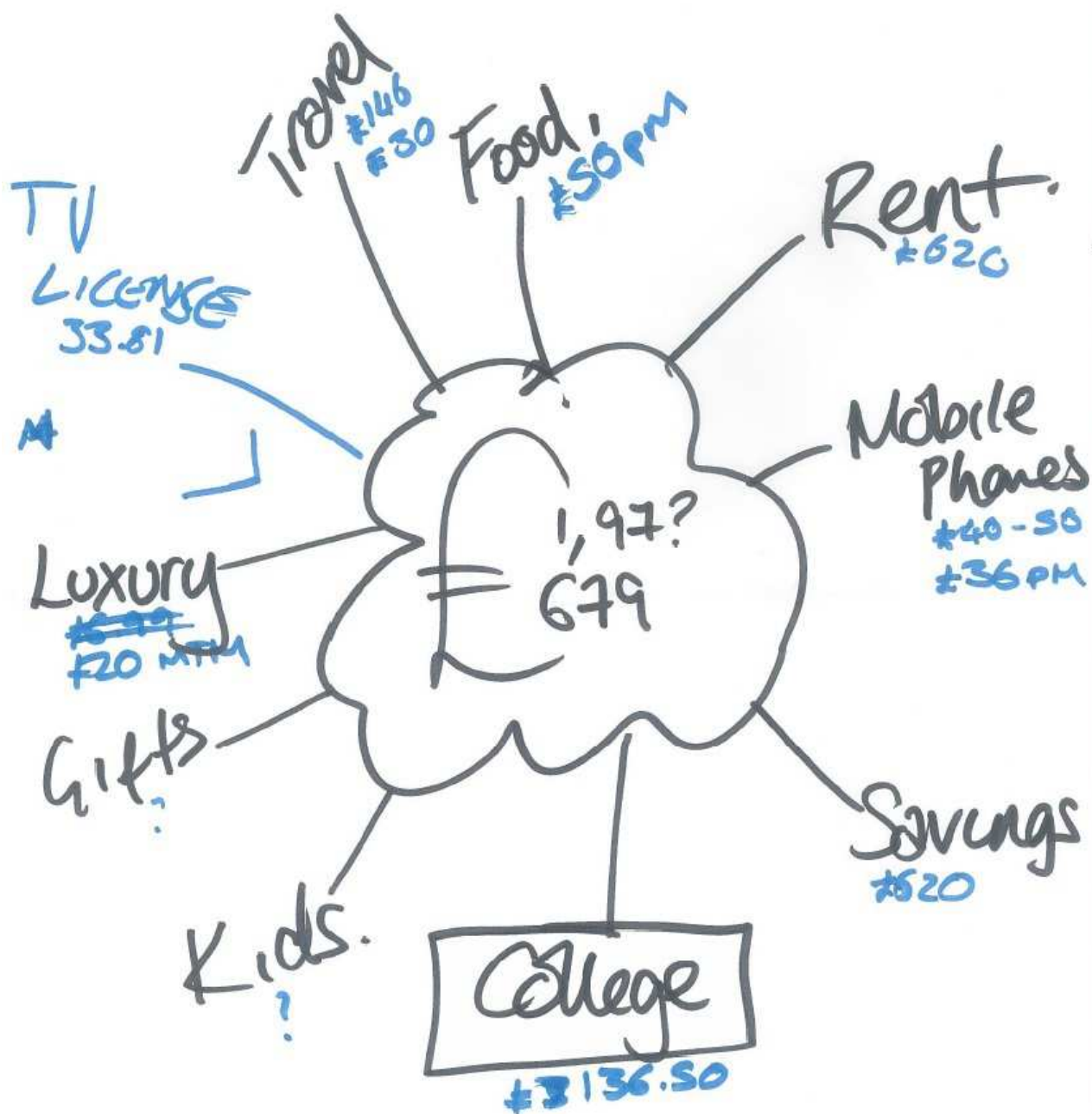
Child tax credit £420.

Wages £450

Child benifit £120

£990

Bills

Nursery fees £65

Step change £30
245

gas £80 325

electric £80 380

water £55 880

T.v £12 985

rent £500

Food £00.

cancil tax £90

Clothes £50

MAIN INCOME
WEEKLY 400

ADDITIONAL
INCOME
100

RECREATION
20

HOLIDAYS
30

BILLS
CAR
INSURANCE
TV
PHONE
COUNCIL TAX
75

SAVINGS
50

HOUSEHOLD ITEMS 50

FOOD 100

CLOTHING 100
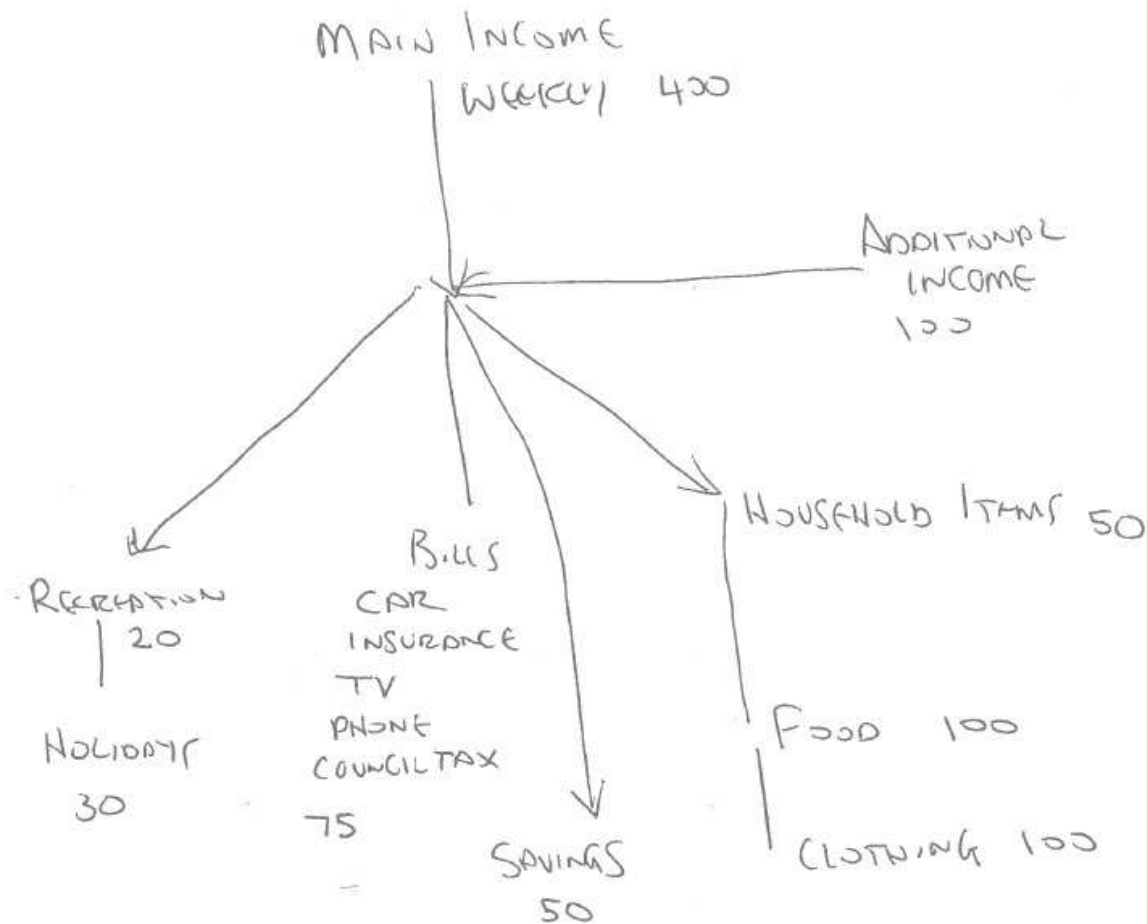
(12)

Start of month to the end

Sass - 7th

(£650/£670 per month. Can't really
remember....)
ADDED LATER AFTER RECIPT.

Barcelona

Going to ~~Barcelona~~ /
& Potugal

Clothes/going out = £250

Food = £30 per week

Phone Bill = £40 17th

Spotify/Netflix = £15

Cigarettes = £25 per week

Uni twice per week = £6.50 + £3 subway
Work about 3 times a week = £3 subway

Work pay 20th = £380

Rent = £370

= £250
= £100
= £ = 15
= £40
= £30
= £40
= £150
= £48

IN

H WAGE 1600

IN

N WAGE 2500

OUT — all Direct Debits

MORTGAGE 421 — 47
GAS+ELECTRIC SKY - LIVE RENTAL 65
TV LICENCE
CREDIT CARD 250 (paying off
LIFE INSURANCES :. 42   some holiday
                            + car insurance
Council tax £120   + house insurance
mobile phone £39

SAVINGS. 500-700

Missed out
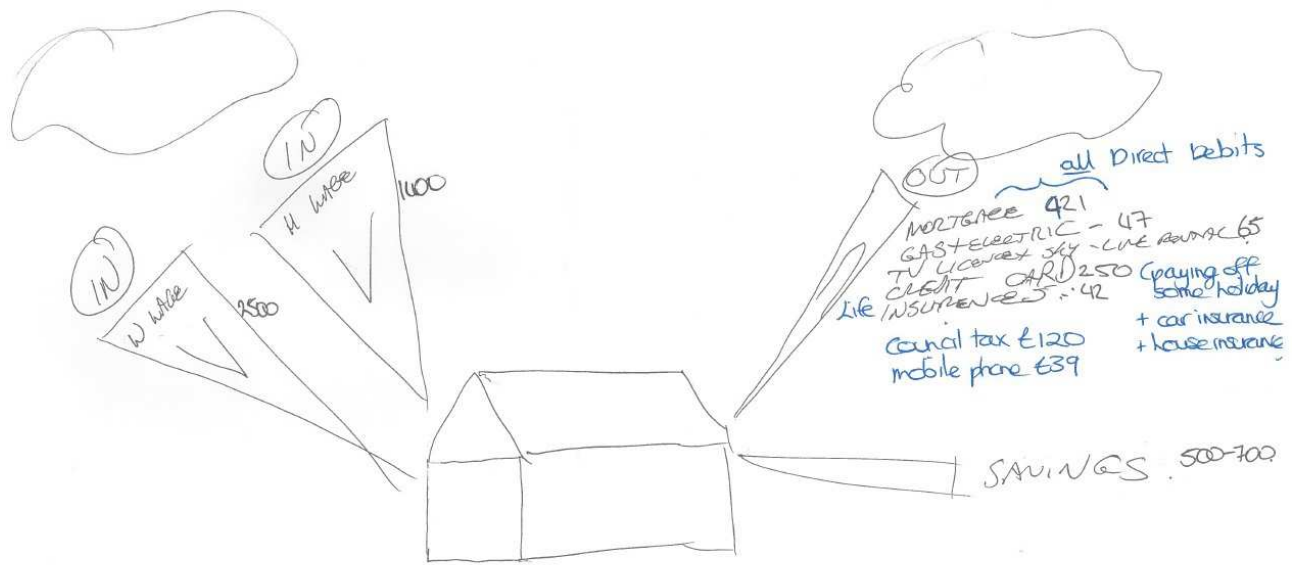
· food £250   mobile phone £3
· clothes £100   Council Tax £1
· petrol £50
· odd night out £60
· date night £150

WORK (MONEY COMING IN)
+ Other Sources (CHILD BENEFITS, DIVIDENDS, INTEREST ON SAVINGS).

MORTGAGE. TRAVELLING.   SHOPPING SAVINGS MORTGAGE   INSURANCE GOING OUT   SAVE   UTILITIES
80/week   £100   £60/week   £100   £200/week   £100/week £200/week   FOR HOLIDAYS   £100
                                                                              £200/week

320
Teaching

250
Makeup /Film /Fashion

200
Commissions
Silversmithing

54
Child benefit

200
Add Hoc
Jobs . .
Gardening
Van driving.

1024

120
210

804
790

Dinner/Lunches 100

60
Building
Household
Insurance

119
Council
Tax

150
Mobile phone + I
Water
Electricty
Gas
WiFi

Tubes 40

35
Car/Bike insurance

60
Film.

45 Petrol

Theatre

£60
Afternoon
Tea.

150
Clothes

20
Toiletries

15
Animals

Household
Maintenance

5

400 Food

20 Plants.

Saving for
holidays.

330 Loans

35,00
Overdraft

SURPLUS vs. SAVINGS Household Finance Map

Bernadette & Jim

②

HOUSEHOLD INCOME IN
- ▓▓▓▓▓ Work Pension
- ▓▓▓▓ wifes pension
- ▓▓▓ State pension
- ▓▓▓▓▓▓ not yet old enough to get state pension

£1200. pcm/as

actually ~£550 - ▓▓▓▓ forgot to add her work pension because it goes into the Savings Account

DAILY LIVING

SAVING £100.

PLEASURE

BILLS
|
GAS £50
ELECTRICITY £40
RATES £140
INSURANCES £50

TV Licence £12·50

SHOPPING
|
FOOD £240.
|
CLOTHING AND ACCESSORIES £40

CAR -£100.
|
DIESEL £80
|
INSURANCE
MAINTENENCE £0.

HOLIDAYS

DINING OUT £40

SOCIALISING £40.

MUM

ME

income £

income £1500

pcm

REMAINDER

TRANSPORT £160
WATER £50
FOOD £40
£60 GAS + ELEC
RENT
£12 TV Licence
internet £10

BANK

£ savings
Myself 80% of remainder

Wages go in

↓

Mortgage
Gas & Electric
Council Tax
Sky
TV Licence
Water i& &at
Food

} money out

= Spending money

MICRO-FLOWS Household Finance Maps

3 weekly £3.50 Avon]   £116 pw £464 m.

weekly £150 c/B + c/T + WTC. £600   m

FORTNICHTY £260   Rent   £480   m.

8x   £40

350   £20   £40

£0   Shop pw   £160 m.

250   Bill   £384

Tarp.   £118 m
         £0. m.

£1544 pw X2.
   £28.

1500   £428

£1544
632
912
£480

632
215

3000 x 50
70

£80   30   20

632
80   19
£2

£632
160

2.72

Child 3

Child 2

Mother
unemployed /
carer for elderly
mother in Govan

not

not

Working
Dig money
£140

Child 1

not
Carers £18
Carer's Allowance all. £240 (Household)
JHB

Working
Dig money
£140

Husband (digger driver)

Working
Dig move-
£140 month A

Working
Wages
to
bank £240

Debt
credit card.

Food
Shopping £240.
approx

bills coming out
gas   28
elec   57
TV licence 24
Phone
council tax 57/42
Rent.   500.
mobile   £28

caravan
holiday   Travel. £50
£120   Travel £50.
            nights
            out.
            mobile 34