



MoneyMagpie

HOW TO BE RICH THE MAGIC FORMULA!

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EASY STEPS TO BE RICH? REALLY?

Well yes, actually.

In fact, I could put the secret of being rich into one sentence:

Spend less than you earn and invest what's left over each month and keep doing that regularly for a few years.

There you are...done!

Well all right, there are a few more things I could add to help you get to your riches – seven basic steps in fact.

Follow these straightforward rules and you will surprise yourself with how much money you have accumulated in a few years' time.

This is a 'get rich slowly' guide that will help you build and maintain a really good standard of living over time.

Go on, give it a go!





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CHAPTER 1

GET OUT OF DEBT



It doesn't matter how much you earn or even how much you have in savings. If you're in debt right now you can kiss goodbye to any chance of being seriously wealthy. So make getting out of debt your first priority. Here are the main ways to do it:

- **Cut down on all your spending** and get cheaper versions of everything you can. Switch your usual regular outgoings (bills, mortgages, credit cards etc) to cheaper versions by using the information on MoneyMagpie.com.

- **Do whatever you have to do.** If you can't stop spending on credit cards then cut them up. If you need to sell your car to pay off your debt then do it.

- **Use your savings to pay off your debt.** This might sound scary but seriously, if you've got debt and you've got savings you're actually losing money, particularly with today's interest rates.

This is the start of your journey towards riches. Really!

You have to cut out your debt, because debt costs money – in interest – and it's a waste, like burning fivers, and who wants to do that?

Now, if you are out of debt you can SKIP THIS CHAPTER! Yes, just move on now... nothing to see here...go to the next chapter where you can find out about smarter spending.

But if you have a persistent overdraft, some credit card debt you haven't completely paid off, a little loan or two or even HP, then you need to read this bit before going on.

Because there are three BIG things you need to do if you want to be rich and fabulous. They are to...

GET OUT OF DEBT GET OUT OF DEBT GET OUT OF DEBT

Yup. That's it. And here's how....

GET OUT OF DEBT, GET INTO RICHES

There's no big and clever secret to getting out of debt. Anyone who knows about it will tell you the same basic things. It all boils down to:

- spending less,
- earning more
- and putting any money you have left over into paying off your debts.

We have LOADS of great articles on how to get out of debt and where to go to get help if you need it. For a start, you can get our '[Get out of debt](#)' emails completely free to sign up to! We send them to you every day for a week and then once a week for another six weeks or so. They give you support, encouragement and lots of ways to save and make money.

Then there's this really in-depth article "[How do I get out of debt?](#)"

Also, check out these [seven quick ways to get out of debt](#) which make it easy and painless to drop the debt and get living! So essentially the steps are:

1. Do a 'statement of affairs' – not who you've slept with, but what money you owe, to whom and how much the interest rate is.

2. Make a plan – i.e. work out how much you can afford to pay your various creditors (bank, loan company, your mum) each month and what you're going to cut down on in order to pay the debts off faster (get help from a debt charity with this if you need it – see below for a list of those).
3. Reduce your outgoings (see the next chapter for that).
4. Increase your incomings (and see the "Make a bit on the side" chapter for that).
5. Snowball your debts.
6. Switch to a 0% credit card.



SNOWBALL YOUR DEBTS

The quickest and cheapest way to get those debts paid is to 'snowball' them. The way to do this is to:

- First move as many as possible of your expensive credit and store card debts to 0% deals (see below for how to do that).
- Once you know you can't get any of your debts any cheaper (without taking out a nasty



consolidation loan), list your debts from the most expensive (i.e. the highest interest rate) downwards. It doesn't matter what the size of the debt is, just the interest rate.

- Use any money you have each month to pay off as much of the most expensive debt as possible. Just pay the minimum on all the others.
- Once you have paid off the most expensive debt, do the same to the next most expensive, still paying just the minimum on the others.
- Continue like this with the rest of the debts until they're all paid off. You will find that it gets quicker as you go down the list because you will have more money to throw at them as the first debts are paid off. This is why it's called 'snowballing'!

SWITCH TO A 0% CREDIT CARD

Credit cards that charge 0% for a fixed period are a wonderful help to debtors.

So long as your credit score is good enough, you

should be able to switch at least some of your debts from expensive credit cards or (worse) store cards onto credit cards that charge no interest at all for a few months.

Check [here](#) to see if your Experian Credit Score is good enough for a 0% credit card.

The card company will charge a small transfer fee, but even if you have to pay that, it could still be worth moving your debt there, particularly the ones that are [0% for three years or more](#).

Just before the 0% period ends open another 0% credit card with a different company and switch the debt over there. You have to keep paying the minimum each month during the 0% period but the savings over time can be huge.

It could be even cheaper to get a low lifetime balance [credit card](#). These tend not to charge a switching fee and the low rates go on until you've paid off the debt, so for a big debt it can be even better than 0% cards. [Check them out](#).

CUT UP YOUR CREDIT CARDS

Having encouraged you to take out new credit cards I'm now going to tell you to cut up all your existing credit cards to stop you using them again.

Once you manage to pay any cards off – or you transfer the [debt to a 0% card](#) – make sure they're closed down too.

However, in case of emergencies, you can keep one for 'just in case'.

To save you from temptation, though, you should put this one in a bowl of water and stick it in the freezer. Yes really!

The freezing water won't harm the card but microwaving it will, so if you need to use it you will have to wait for it to thaw. This means that you will have a couple of hours in which to consider whether you really, really need that fabulous, jewel-encrusted, wok-polishing kit that you've just seen on QVC.

Cool huh?



SEE YOUR EXPERIAN CREDIT SCORE – FOR FREE!

The Experian Credit Score is a guide to help you understand your credit report better, and how it might affect new or future credit applications – and to get your Experian Credit Score FREE forever, all you have to do is sign up to their new [CreditMatcher](#), a free independent service that helps you compare credit deals you're more likely to get, based on your credit information*.

Take your first step towards financial control



Get your FREE Experian Credit Score

Now FREE For EVERYONE. FOREVER.*

Brighton's average Experian Credit Score is

788



Find out yours. Now FREE FOREVER. [experian.co.uk](#)

Nottingham's average Experian Credit Score is

699



Find out yours. Now FREE FOREVER. [experian.co.uk](#)

Kensington and Chelsea's average Experian Credit Score is

805



Find out yours. Now FREE FOREVER. [experian.co.uk](#)



...AND FINALLY

Remind yourself:

- Face the demon now: the quicker you tackle the debt, the quicker, and cheaper, it will be to pay it off.
- Get out of the credit trap. Any time you see the word 'credit' in shops or banks mentally replace it with the word 'debt', because that's what it is. Suddenly, then, even 'interest-free debt' doesn't sound quite so appealing.
- Do check your bank statements. You'll be surprised how much money you could make just by correcting mistakes they've made and closing down old direct debits.
- Don't be afraid to tell your friends that you can't afford things because you're paying off your debt. You need their support and, anyway, they may be grateful that they don't have to spend out either.
- If you don't want to keep yo-yoing between debt and solvency all the time, change your whole approach to money for good, not just until the debt goes.

Useful contacts:

- National Debtline
www.nationaldebtline.co.uk
- Citizen's Advice Bureau (CAB)
www.citizensadvice.org.uk
- StepChange
www.stepchange.org
- The Money Advice Service
www.moneyadviceservice.org.uk
- The Money Charity
www.themoneycharity.org.uk
- Experian
www.experian.co.uk

CHAPTER 2

PLAN AHEAD

One way of boosting what we've got coming in, is reducing what we have going out – and even small changes can help. It could be something as simple as making a shopping list, so as not to overbuy at the supermarket, or it could be comparing prices in shops, across websites and with available discounts before you make a large purchase or sign up to a utility.

Think about what you don't use or don't need such as the gym membership you hardly ever use. Or read our article "[12 ways to cut the cost of your gym membership](#)" Then there are those satellite TV channels you never watch and that extended warranty you didn't really need to buy. It can all add up! We have some useful tips in our article "[Guarantees and warranties – what you need to know](#)".

For what you do spend money on, then online discounts could be useful. Use the train for family trips? There are railcards that could save you money. Need a hotel? Check voucher websites for useful 'percentage off' code campaigns, or cashback deals. You could also think about how you pay - many people now prefer to pay by direct debit for annual charges such as insurance policies or phone line rental, as for them it saves money over a whole year.

KEEP A SPENDING DIARY

Everyone should do this once in a while. It can really help you to control your spending if you keep a [spending diary](#) for a month by either;

- Taking a notebook around with you and writing down everything you spend every day for a month or;
- Downloading one of the many spending diary apps that exist now like iExpenseDiary or Spending Tracker and doing exactly the same in the app.

Yes, it sounds boring, but, seriously, when it comes to getting rich - the amount you spend is more

important than the amount you earn. Even if you earn millions you can end up poor just by spending even more millions. So...



- Once a year or so, keep a spending diary for a whole month to see where you're wasting money. If you get a latte at Starbucks, write it down. If you buy a newspaper, write it down. After a month you will see where you're wasting your money each week and what you can cut.
- Once all these little bits of spending are written down you'll be able to see where you're wasting money and what you can cut back on. You can save loads of money just by cutting back on the small spending. For example, if you buy your lunch at work you'll probably spend about £5 a day. That comes to £25 a week or around £1,250 a year. Bring in your own sandwiches and in one year you could buy a week's cruise around the Med.

Go to the [Save money](#) section on MoneyMagpie.com for more ways of cutting back without losing out. Also sign up for the free MoneyMagpie [newsletter](#) to get the latest money-saving and money making ideas in your inbox each week.

CHAPTER 3

SPEND LESS



On average, I've worked out that we're each ripped-off to the tune of at least £500,000 through our lifetime. That includes paying too much for:

- food,
- travel,
- insurance,
- banking,
- clothes,
- mortgages,
- household goods and so on,
- as well as being sold underperforming pensions and investments that make money for the sellers but not for us.

Individually we don't shop around enough, we don't go for the best deal, we don't defend ourselves against sharp selling practices and we're too confused or lazy to ask the right questions. Go to our section "[Rip-off Britain](#)" on MoneyMagpie.com to find lots of ways to not get ripped off or to reclaim what's rightfully yours!

This has to stop if we're to get rich!

HOW TO REDUCE YOUR OUTGOINGS

Here are some ways in which you can help yourself:

Set yourself daily spending rules:

- When you go to buy something, ask yourself "Do I really need this or do I just want it?"
- Could you get this cheaper or, even better, for free somewhere else?
- Any time you run across something you absolutely must have just wait a little while. If you take 24 hours, or even a couple of days, to think about it, the desire to have it often subsides.
- If you have real problems stopping yourself spending, cut up your credit cards, set yourself a weekly budget and take that money out in cash from the ATM at the beginning of the week.
- Even if you're not much of an impulse spender,

remember cash is king. You can often get things cheaper if you pay with cash.

- Even in large stores you can often haggle. We're not used to it in this country but many people are open to offers. Don't always take the marked price as the final word on the matter.
- Whether it's insurance or insecticide, cars or candles, shop around for the best price. Use price comparison websites to get the cheapest deal.
- Being 'anti-seasonal' can work well, i.e. buying goods at the 'wrong' time of year like buying Christmas presents in the summer.
- Ignore 0% finance deals – they always make their money back somewhere, usually by marking up the price. Better to offer cash and insist on a discount.



SWITCH YOUR BILLS

There are two main ways to reduce your outgoings:

1. Buy some things cheaper
2. Don't buy other things at all

The least painful way is to buy some things cheaper – particularly by switching your boring bills.

You should be able to save at least £1,000 a year by doing this:

- Switch your mortgage to a cheaper deal and you can save thousands each year. Check out the deals on offer through [L&C mortgages](#).

Rates are so low right now you could literally save thousands over time just by switching.

- Switch your [gas and electricity](#) and save at least £200 a year.
- Switch your [phone, mobile phone, internet, TV](#) etc and save serious money.
- While you're at it, [recycle your old mobile phone](#) and use the cash to help pay off your debt.
- Definitely switch your insurances, particularly; [car insurance](#) – you should never accept the rate your current insurer wants you to have. [Home insurance](#) and [Travel insurance](#) – don't take the policy offered by your travel company, buy your own. If you travel more than twice a year get an annual policy.
- Switch your bank account, even if you're overdrawn you can switch and you could save money on your overdraft with another bank. Also the new switching rules that the Government brought in a while back have made it safer, quicker and easier to move now. [See what offers are available](#).



CUT OUT THE 'UNNECESSARIES'

This is just temporary, but while you're paying off debts, you need to be mean with yourself about what you can and can't buy.

What you can't buy are:

- Meals or even just drinks out in restaurants, cafes, hotels or coffee shops – unless someone else is paying or you've got a freebie.

- Any clothes you don't absolutely need.
- Holidays, unnecessary travel or any entertainment you have to pay for.
- Gadgets, CDs, DVDs, ornaments or furniture you don't absolutely need.
- Any services that you couldn't do for yourself (cleaning, ironing, gardening, car-washing etc).

You don't have to do without totally, though.

You may be able to find a cheap or free alternative. For example:

- Join some [mystery shopping companies](#) so that you can get free trips to restaurants, hotels and bars.
- Go through your wardrobe and see what you can alter, dye, cut down or mend.
- Use Avios that you may have forgotten to get cheap flights and consider house swaps for a cheap or free holiday.
- Use eBay, Amazon and local second-hand shops to sell old books, CDs, DVDs etc. Use the money to buy other stuff that you really want.
- Use barter with friends to get services done that you don't like doing yourself. For example, offer one evening's babysitting for two-hours' of ironing by a friend who enjoys doing it; have a girls' night in where you give each other facials and manicures; swap power tools with neighbours instead of buying your own.
- Have a swap shop with friends where you swap clothes, books etc that you don't want and probably couldn't sell for much.
- Call in favours and loans from family members and friends. Let them know why you're doing it. Most people understand what it's like to be up against it financially.

Whatever you do, cut down your spending as drastically as you are able to. It's up to you, but remember, the less you spend, the more you'll save, the more you'll have to put into your debts, the quicker and cheaper it will be to pay them off and the sooner you'll be free and able to start building



GET YOUR MONEY BACK

There are various shopping sites that pay cashback or give you points when you use them to visit and buy from other websites. This can be helpful so long as you stick to buying things you would be purchasing anyway. Try [Quidco](#) which gives cashback on a LOAD of products from clothes to insurance to takeaway food. See our article "[Make money from Quidco and save money doing it](#)".

Loyalty cards in shops can be useful although most are not that helpful. The Boots loyalty card is the best value but their prices are usually higher than the supermarkets so it's only worth bothering if you're going to be spending there anyway. With the other loyalty cards, if you're going to buy things in their shops anyway, why not use the loyalty card and get a fiver back every now and then?

Some credit cards also offer cashback, although, again, these tend to be relatively small amounts. However, if you're buying large items it helps to know you'll get at least a few quid back later on. [See our article here on credit cards that give cashback](#). Also, thanks to Section 75 of the Consumer Credit Act, you get extra legal protection when buying goods costing between £100 and £30,000 with a credit card which is another bonus.

RESIST TEMPTATION

It's a tragic truth that currently shopping is one of Britain's top leisure activities. I say tragic because this is part of the reason why we have such a debt problem.

We need to understand that shops are not our friends. In fact, for a while large retail chains have been working on more and more subtle ways of persuading us to part with our money without realising that we've been effectively hypnotised.

In the case of shops and salespeople there are all kinds of psychological techniques that they can and do use. In shops, special lighting, flattering mirrors, positioning of items, ambient music, smells and enticing posters are just part of their money-grabbing armoury.

Supermarkets are particularly adept at turning us into mesmerised morons as we wander through the aisles putting expensive, branded products we don't need into our baskets. As a general rule, remember that shopping is war.

You need certain products at the best price. They want you to have more at the top price.

They will win unless we defend ourselves against their tactics. Keep some of these points in mind when you next go shopping:

- Always shop with a shopping list, particularly in supermarkets. If you think about it beforehand and stick to your list you'll be less tempted by 'special offers' and other money-losers.
- In the supermarket, look at the bottom and top shelves more than the ones at your eye-line. They put the better value goods in the less accessible shelves.
- Do your supermarket shopping online. You have to pay a few pounds to have it delivered but that can be outweighed by the petrol and time you would waste going to the shop. You're also less likely to be tempted to buy outside of your list.
- Don't shop with a spendthrift friend who will encourage you to buy things you don't need.
- Don't shop if you're tired, hungry or depressed.
- Try to do your food shopping at markets rather

than supermarkets. On average their prices are 30% less than the high street stores.

- Once a year decide to use up all the things in your kitchen cupboards, only buying fresh foods to go with those items.
- If you find yourself buying more than you should in certain shops just don't go through their doors! If you're not in the shop you're not going to be persuaded by their goods, mirrors, lighting and ambient music into buying what you don't need and can't afford.
- Sometimes buying in bulk can be cheaper but not always. Consider the space you have available and just how much you would save per unit if you buy a lot. Also beware of BOGOF (Buy One Get One Free) offers. Do you really use this brand or would a single unit of another brand be cheaper and better?
- When dealing with any salespeople (including your 'personal banker') insist on having time to think about any product they're trying to sell you. Take paperwork away with you, ask friends or, better, experts and think about it outside of their office/shop before actually buying.





BUY FOOD FOR LESS

There are lots of ways to get cheaper food.

- Cut down on pre-prepared meals and takeaways and cook from raw. Don't whinge that you don't have time. Honestly – how long does it take to chop a few carrots and other veg and add them to a chop you have grilled?
- Go down a brand...even to the street market in your town. They tend to be cheaper than the supermarkets although Lidl, Aldi and Asda are giving them a run for their money!
- Go foraging. See our article "[How to get free food wherever your live](#)" on how to do it and also this article that has [recipes for foraged food!](#)

- Become a Freegan! This is where you go dumpster-diving in the bins at the back of supermarkets. A lot of them have banned it now but some food shops still have them.
- Buy in bulk with friends and neighbours. You can buy cheaper if you buy things like rice, pasta or other dry goods in bulk. Go to the cash and carry and buy with friends then parcel them out between you. See our article on how to [save by buying in bulk](#). N.B. you can do this with 'BOGOF' deals at the supermarket too.
- Have a use-it-up month where you only buy food to go with stuff you already have in the store cupboard and in the freezer. Once you've used it all up you can buy more.
- See our articles here on how to get [cheap day-to-day food](#).

CHAPTER 4

THE BASICS OF INVESTING

Does investing sound too hard for you?

Ignore that thought because It isn't and you don't have to be rich to start investing.

Even if you just have a spare tenner every month you can invest that and make money over time. If you've done the things I've suggested in the last chapter you should have more than a tenner a month spare now!

A few things to know about investing:

- The longer you are able to invest your money for, the more money you're likely to make. So the younger you start investing, the better (another reason to set up a stock market fund for your kids!).
- Even small differences in the interest rate you get can make a big difference to the amount of money you make over time. Even an extra $\frac{1}{2}\%$ can mean tens of thousands for you. So make sure you go for investments that give the max interest. Long term, the Stock Market and property give better returns than savings accounts.
- The best and safest tax-free investment you can make right now is to pay off your mortgage as fast as possible. It's a liability. Get rid of it. [See our article here that shows you how to pay it off fast.](#)
- Pensions are a worthy option too – a good tax efficient investment. The pension rules have improved in the last few years so they're more flexible. Worth considering as part of your portfolio.

MAKE SURE YOU HAVE MONEY IN A SAVINGS ACCOUNT FIRST

All the top investors say that it's vital to have enough money to cover you for three to six months in a savings account before you do any serious investing, in case of emergencies.

The reason is that if you lose your job or get ill or your marriage breaks down, you need to have some easy-access money to tide you over while you're not earning anything much.

With this 'savings safety-net' quietly tucked away you will be able to pay your bills and keep the roof over your head without dipping into your long-term investments which could be at a low stage just at the moment you need them.

So work out how much you NEED to spend each month (to keep body and soul together and keep the roof over your head), multiply it by 6 (or at least by 3 if you can manage it) and put that amount into a savings account.

Find out which are the [best easy-access savings accounts](#) at the moment, pick one and put the money in that.



JASMINE'S INVESTING MANTRAS

1. Spread your bets

Never put all your eggs in one investing basket. Spread your money across different types of investments or 'asset classes' as they're called.

So make sure you have some money in 'cash' (savings accounts), some in stocks and shares products (more on those below), some in property perhaps (that could be a property fund if not your own home), some in pension products, maybe some in bonds and so on.

This is so that you protect yourself. No one knows what's going to happen in the future and any of these different investments could tank at any time, so if you have money spread in different types of products then if one of them drops down, you have the others to fall back on.

2. Don't invest in anything you don't understand

Even if that nice, smart adviser tells you the product is bound to grow and give you security later on, if you don't understand how it works, don't commit money to it. You're not stupid. If you've asked them to explain how it works and they've explained a couple of times but it still doesn't make sense to you, it's probably because it's rubbish. Don't go there!



3. Don't buy any financial products advertised on the TV

TV advertising is very expensive and companies who can afford it are clearly making too much money out of their clients, particularly if they're using celebs to promote them.

Be wary of investments advertised in newspapers and billboards too. This is cheaper advertising but it still costs a good deal. Most of the best, simplest

and cheapest investments are hardly advertised at all because they don't make so much money for the financial companies. This is definitely true of Index-tracking funds which I am a fan of (read our [article](#) about what these are about and how easy they are to invest in).

4. Think long-term

It's important to think long-term, and it's particularly important to invest in products that will increase in value and keep up with inflation - i.e. the rise in the cost of living - over the long-term.

Not all investments do. Money in savings accounts, for example, tends to lose its real value over time.

For the long-term you need to have the courage to invest in things that look a bit scary, like the stock market. Some days (or years!) it will go down...quite steeply...but then it will go up and, over time, it has tended to go up more than most other investments so stick with it.

We have a lot of articles on MoneyMagpie about how to invest in the stock market easily and cheaply. It's really not the scary place it seems! Take a look at [this article about what the FTSE is](#) and this one about [the easy way to invest in the stock market](#).

We like index-tracking funds because they're easy, cheap and they work. Check out our article on [how they beat savings accounts here](#).

5. Be difficult. Go against the crowd

Never invest in something just because everyone else is. In fact, when everyone else is investing in something that is precisely the time that you need to stay away from it. The [Motley Fool](#) website has a lot of information about this 'contrarian' way of thinking as do we at MoneyMagpie.com in our article "[Be Different - Make Money](#)".

After all, top investor Warren Buffet, the multi-billionaire who runs [Berkshire Hathaway](#) ignores popular opinion and invests only in what he and his team believe to be sound ideas after doing their own research and thinking for themselves. Do the same. Get rich.

6. Cut down on the tax

The less tax you have to pay the more money you will make, so make sure you make the most of pensions, particularly if your company offers them.

CHAPTER 5

MAKE A BIT ON THE SIDE



Don't think of your salary as your only income. There are always extra ways that you can make money... and get stuff for free just with a bit of effort outside of your normal working hours.

We have a [WHOLE SECTION](#) on [MoneyMagpie](#) devoted to ways you can make money so take a look at that now.

There really are thousands of ways you could be making money on the side using your skills, time, space and all sorts of other assets that you might not even know you have! Use your hobbies, the qualifications, training or experience you already have and turn them into money.

If there's something you've always wanted to do - teach English as a second language, for example, be a stand-up comedian or run some fun parties - don't let your lack of qualifications or experience stop you. If you can afford it, this is the time to get that training or experience and go for it.

Many women (and it is mostly women) are single parents, feeling stuck at home with the kids and unable to afford childcare. Here are great ways for [mums to make money](#).

It's quite likely that you will end up doing a few different things to make a bit on the side, not just one. Some of my friends seem to make all their money just doing 'bits on the side', particularly writers and performers who make very little at their 'main' job but keep themselves going as [film extras](#), [market researchers](#), [mystery shoppers](#), [buskers](#), [dog-walkers](#), [virtual and real secretaries](#) and [babysitters](#). It's an honest living and at least they get variety.

Oh, and, very importantly, don't limit yourself or allow others or circumstances to limit your opportunities to get active and make money. Even if you can't physically get about, you can make money, mostly thanks to the internet. Read our article on ways to make [money online](#).

USE YOUR SKILLS

Are you great at baking, making sweets or cooking up jams and chutneys? You could make money from this by selling them at local markets, car boot sales or garages. Find out how to [make money from cakes, jams and sweets](#).

If you are good at maths, a language, piano or other academic subjects then you could make money by teaching them. Being a tutor can bring in about £40 an hour through various agencies. Find out how to [make money as a tutor](#).

Think laterally too. If you have carpentry skills you could turn them into toy-making or if you are a great cook and you have given birth at least once [you could become a doula](#) (birth partner or post-birth partner).

Just a long-time interest in something can be a money-maker if you work at it. A gardening fanatic who is totally self-taught can still make money propagating seedlings or doing some gardening or hedge-cutting for people in the neighbourhood.



USE YOUR TIME

If you have some time to spare there are lots of things you could offer to do for money.

My current favourite is [dog-walking](#) where you can make around £15 per dog per hour. So take four dogs at a time and you're [making £60 an hour!](#)

Then there's [babysitting](#) which is a lovely way to make some money of an evening. If you have a [DBS](#) check and you're good with children then you can get work through childcare agencies or direct from families in your area.

[Delivering leaflets and newspapers](#) is another way that anyone can make money in their spare time. You could do this on foot, on a bicycle or by car. The money isn't amazing but it's an easy job.

Then there's market research and focus groups which are good for all sorts of people. Find out how to make money in your own time through [market research](#) and [get cash in hand from focus groups](#).

You can do any of these things too. Just pick ones that fit your lifestyle and are easy for you because of your time/skills/space etc.

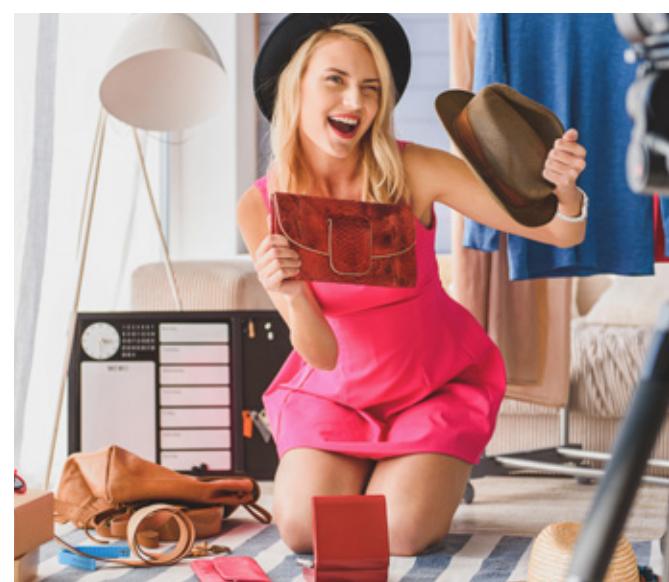
DO SOMETHING A BIT DIFFERENT!

We also have loads of weird and wonderful ways to make money on MoneyMagpie.com.

Find out a load of [weird ways to make money here](#) and then a load of [even weirder ways here!](#)

So aim to make at least an extra £20 a week – if not more, much more – by doing something on the side. Use that money to invest for your future.

In fact, go back to the previous chapter and you will see again how to make that money turn into hundreds and thousands through investing the easy way.



CHAPTER 6

BE YOUR OWN ADVISER

The best person to sort out your finances and make you rich is YOU... not your mum, not your partner, not your dog, not a financial adviser and certainly not your bank manager.

So take control. Start finding out a bit more about money (it's actually quite easy). Here are some steps to take:

- Check MoneyMagpie.com for clear, straight forward information.
- Do your own research.
- Make your own mind up about what are good savings and investment products.
- Don't get a buy-to-let property – or some other fashionable investment – just because everyone else has.

One of the main ways that we lose money is by following what other people do – either our friends or people on the TV – and not thinking for ourselves. It's when we're not thinking for ourselves that it's easy for fraudsters to take our money too. So it's REALLY important to keep your wits about you, and to get a bit clued-up about money.

Here are some ways...

GET SOME EASY, QUICK INFORMATION

You don't need to know everything there is to know about money in order to run your finances really well yourself. But you do need some basic information.

Check out our [Manage Your Money](#) section for really sound advice on all aspects of running your money day-to-day from sorting out your tax to investing in pensions, getting the right insurance and doing a budget.

Take a look again at the first three chapters in this ebook. There you will find out how to get out of debt, start spending and saving smarter and invest

your money cleverly.

Also, read one article a week in the money section of your regular paper. Just one a week will help you get clued-up about money and will put you head-and-shoulders above most of the rest of the country!

**Take your
first step towards
financial control**



**Get your FREE Experian
Credit Score**

**Now FREE
For EVERYONE.
FOREVER.***

*Available to UK residents aged 18 years or over and subject to identity checks



HOW TO IMPROVE YOUR CREDIT SCORE

Everyone has an Experian Credit Score. Looking after it, nurturing, growing and improving it can help you get a better rate on loans, credit card or mortgages. Some simple steps can help you [improve your credit score](#):

- Stay within credit limits and keep balances low
 - The lower your overall balances (not including mortgage), the better.
- Try not to make too many applications for credit
 - each application is recorded on your credit report – the fewer you've made in the last 6 months, the better.
- Make sure all bills are paid on time – missed or late payments can have a big impact, but paying on time can really help your score.
- Register to vote at your current address – lenders use the electoral roll to help confirm who you are and where you live.
- Review your credit report regularly – make sure it's up to date and in good shape for when you're ready to apply for credit.

It can also help you keep an eye on your progress while you maintain or improve your credit score before you apply.

When you make an application for a loan, credit card, mortgage or other type of credit (such as a new utility contract or mobile-phone account), lenders look at your credit report to work out a credit score for you. They do this so they can judge for themselves if they think you'll be a responsible borrower and likely to repay what you owe them. There is no 'one' universal credit score. Different lenders can score differently, using their own

formulae based on their own factors – there really is no 'magic number'.

Usually, a higher score means you're seen as lower risk – meaning you're more likely to get credit, and at better rates.

The [Experian Credit Score](#) is a guide to help you understand your credit report, and how the way you've managed the credit you've had in the past might affect applications you're making now. Your Experian Credit Score is not set in stone – it's a living, breathing thing and it changes along with your own financial behaviour. Getting your credit score up could open up the potential chance to get better loans – and at better rates.

KEEP AHEAD OF THE FRAUDSTERS

It's a sad fact but fraudsters are getting ever cleverer so we need to be one step ahead of them if we are going to keep hold of our money. This is part of being your own advisor – protect yourself from people who want to take your money off you!

Take a look at the [Rip-off Britain](#) section on MoneyMagpie for the latest scams and information on how to protect yourself from them.

The more you know about how they can take your money off you – and ruin your credit score – the more likely you are to protect yourself.



IDENTITY THEFT

One of the most expensive frauds is Identity Theft. The fraud: Fraudsters act by stealing your personal information in any way they can - going through your rubbish looking for bank and credit card statements, for example, or contacting you for information and claiming to be from a legitimate organisation.

They then apply for loans and credits cards in your name and run up bills which can not only cost you but also damage your credit rating. Often you don't find out about it for months until a lender contacts you demanding payment for debts you know nothing about.

Be on your guard for signs that you might have had your identity stolen. Look out for:

- Items appearing on your bank or credit-card statements that you do not recognise;
- Applying for a state benefit and being told that you are already claiming;
- Receiving bills, invoices or receipts addressed to you for goods or services you haven't asked for;
- Being refused a financial service, such as a credit card or loan, despite having a good credit history;
- Receiving letters from solicitors or debt collectors for debts that aren't yours.

Apart from shredding documents, the best way to keep an eye on things is to check your credit files on a regular basis for strange loans and credit cards that you've never applied for (see below for contact details for Experian to check your score). This is particularly important if you've recently moved as that's when the majority of identity theft happens.

Experian's top ten tips to avoid become a victim of ID fraud.

- Take care of your personal information by keeping any documents containing personal information, including transaction slips and proofs of identity, secure.
- Never throw away whole receipts, bank statements, utility bills or other documents

that can be used by a fraudster to assume your identity. Your rubbish bin is a target for fraudsters. Always thoroughly destroy personal information before throwing it away, preferably by using a personal shredder.

- Check your receipts against your card and bank statements carefully. If you find an unfamiliar transaction, contact your card issuer or bank immediately. If you bank online, use this facility to keep a constant eye on any transactions occurring on your accounts.



- Monitor the information on your credit report. The fact that it takes most people nearly a year and a half to discover they are victims of identity fraud vividly demonstrates that most of us make life far too easy for the criminals. People who regularly monitor their credit reports typically spot if someone is attempting identity fraud in their name within a matter of weeks.
- Never disclose personal or financial details to anyone 'cold-calling', even if they claim to be from your bank, the police or another official organisation. It's always a good idea to phone them back on the number you have for them, not the one they may give you.
- Use different passwords for different accounts. If a fraudster accesses one, they are less likely to be able to access all accounts.
- If you have documents stolen, there is a strong chance these will be used to commit fraud in your name. If this does happen, Experian can help

prevent a repetition by adding security features to your credit report. If a fraudster opens an account in your name, this will show up on your credit report and you can ask Experian to help you liaise with the lender/s involved and make sure you're not affected by the fraud.

- If you move home, redirect your post from day one. The new occupants may at best just throw letters in the bin instead of forwarding to your new address; at worst, they might use the information to steal your identity.
- Only provide personal information and credit card details on secure sites displaying bone fide logos of secure payment systems, such as Verisign or Worldpay.
- Try to keep your personal information in different places around the house so a thief will find it more difficult to obtain complete information. Keep as much as possible locked up.

WHAT TO DO IF THE WORST HAPPENS

The main thing to do is not to panic if you've been scammed.

If, for example, you have been the victim of some banking fraud and you have let the bank know as soon as you found out, you will usually get all your money back from the bank. However, it's in your best interests to act quickly, in order to minimise the damage.

Some of the signs that you've been a victim of fraud are more obvious than others, but to protect yourself effectively, you need to make sure you're on top of all of your financial issues. That means keeping an eye on bank accounts and checking those statements each month!

ACTIONS

- If any of your cards (credit, debit, store cards etc) or cheques have been lost or stolen, tell the providers as soon as possible. Take notes during all telephone conversations, in particular the name of the person you speak to. Follow up your telephone call with a letter confirming what was said and keep copies of all correspondence (print out any emails) sent, or received.

- If you receive bills or statements that are addressed to you but you know don't belong to you, contact the organisations concerned as soon as possible to alert them to the fraud.
- If any transactions appear on your statements that aren't yours, immediately tell the organisation concerned.
- Request a copy of your credit file/report from Experian. You can obtain a copy for as little as £2. Or, even better, sign up to their new online service CreditMatcher which is now free, forever!
- If you spot an account or credit application on your credit report that you don't recognise, contact the company involved immediately to request they remove the data from your file.
- Consider closing your current accounts, and opening new ones with different numbers and details.
- Change all passwords for your online bank accounts.
- Report the identity theft to the police as a crime and obtain a Crime Number.
- If you've experienced some form of identity crime, you may find it useful to register for CIFAS's protective registration. It costs but it means that a CIFAS warning can be placed against your address so when a CIFAS member tries to search against your address it will see the following message: "CIFAS-DO NOT REJECT-REFER FOR VALIDATION", at which point it must contact Equifax directly.

Useful contacts:

- UK's Fraud Identity Service (CIFAS)
www.cifas.org.uk
- Office of Fair Trading
www.oft.gov.uk
- Experian
www.experian.co.uk
- Serious Fraud Office
www.sfo.gov.uk

CHAPTER 7

CHANGE YOUR ATTITUDE



Like most things in life, changing your life from one of poverty or scraping-by to one of comfortable wealth is about changing your thinking. You don't have to spend your time thinking about money – far from it. In fact, it's like food – if you think about it too much it will be counter-productive.

No, just change from unthinkingly spending money on rubbish to more of a questioning attitude.

Ask yourself "Do I need this?", "Could I get it cheaper or even for free?" and "Would spending money on this make it harder to achieve a bigger long-term goal?".

It's about making up your own mind about what you care about most, what you want to spend on and what you are willing to sacrifice. It's about taking control..

THINK LONG-TERM

Pour yourself a cup of tea, put your feet up and dream.

Think about what you want long-term. Maybe it's...

- early retirement
- setting up a business
- paying for the kids' education
- buying your own place

You will add in the ones that you're aiming at. So take a look at those big goals. How much will it cost you to get to them? How important are they? What are you willing to sacrifice now to get to them? How can you invest and make more money in order to get to them quicker?

Take a look at our ways of spending smarter again so that you can cut down your day-to-day costs and find out how you can build up your cash through investing. Once you have an idea of what your long-term goals are it's easier to work out how to manage your money day-to-day. That extra takeaway doesn't look so attractive if it might stop your early retirement!

CHAPTER 8

THINK RICH

There are lots of books and websites about how to think your way to riches, and much of what they say is nonsense.

However, it is certainly true that our thoughts create the reality we live in so a rich approach to life will bring riches with it. The question is, what is a rich approach to life? How do we 'think rich'.

In life we might not get what we want but we do tend to get what we expect – whether consciously or unconsciously – so it's as well to expect good rather than bad and to expect success rather than failure. Why not?

Genuinely thinking rich isn't really thinking about money. It's about expanding one's sense of life, of the possibilities of life and, in particular, the possibilities open to us in life.

Merely thinking rich in money terms can actually

narrow one's outlook and, therefore, one's life, so make sure you know what real richness is before you start thinking it!

In his book '[Secrets of the Millionaire Mind: Think Rich and Get Rich](#)', [T. Harv Eker](#) makes a few useful suggestions. He says, among other things, that:

- Rich people believe 'I create my life'. Poor people believe 'life happens to me'. He then challenges readers not to complain out loud or even in their head for 7 days (I can vouch for this being very difficult) and watch the results.
- Rich people think Big. Poor people think Small.
- Rich people admire other rich and successful people. Poor people resent rich and successful people.



- Rich people associate with positive, successful people. Poor people associate with negative or unsuccessful people.
- Rich people manage their money well. Poor people mismanage their money well.
- Rich people act in spite of fear. Poor people let fear stop them.

Actually, all these points could be made about 'happy' and 'sad' people or 'successful' and 'unsuccessful' people. They are universal (and practical) tips on protecting ourselves from thoughts, beliefs and attitudes that hold us back while developing more successful and happiness-making habits of thought.

Consciously say 'yes' to life rather than 'no' all the time. It's amazing how much most of us don't do or don't have just because we think we can't have these things. If we say 'no' to ourselves at the very start of an idea we don't even bother to try to work for it. So many people complain at the hand life has dealt them, not realising that much of the time they've created it for themselves.

Start from a positive basis each day, even when times are hard, and you will find life and your money come a bit easier.



INFINITE POSSIBILITIES

Contrary to popular belief there isn't a finite amount of good in the world. There genuinely are infinite possibilities and an infinity of ideas, any one or more of which could do you good.

Also, there isn't a finite amount of money. There really isn't. Money comes from all over the place and is constantly moving around, being created by different economies – and even online now – and, again, there's no reason why you shouldn't have more of it.

But don't limit yourself just to money for your supply. Supply comes in all sorts of forms and very often in a way we would never have expected.

In practical terms, think of how many possible goods and services you can get for free – take a look at our article here on [how to live for free](#) – how you can swap them, barter with friends and neighbours, gain grants or bursaries that you hadn't known about before, for example.

BEING RICH – REALLY RICH

"To need nothing is divine, and the less a man needs the nearer does he approach to divinity"

Socrates

One sure-fire way of feeling rich without even increasing your income is to hang around with poor people as we tend to rate our level of happiness and wealth by comparing ourselves to others.

But really, as Shakespeare said, 'comparisons are odorous' so work at not comparing yourself or your wealth level with others. This is also a very good way of getting out, and staying out, of debt. Many people get into debt simply by buying the things they think everyone else has but they themselves can't really afford. The unspoken need to keep up with the Jones's is a cruel disease which takes away our happiness, peace and, usually, money. Wake up to this kind of thinking – something that's very prevalent in our society – and start thinking your own thoughts.



In fact, if you want to be richer, cultivate a habit of gratitude. Sounds girlie and Pollyanna-ish but it's genuinely true that the more gratitude you actually feel, the richer you actually are.

There's no objective measure of actual richness – it's entirely up to us whether we feel rich, poor or just about OK. You could have all the money in the country but still feel you needed more, so to feel genuinely rich, make a conscious habit to be grateful for what you have – not just the material goods but, more importantly, all the other things you have like friends, health, sunshine, your pets and so on.

BE PRACTICAL

Thinking rich isn't the end of the story, of course. Together with the thinking there has to be some doing. As Thomas Jefferson put it, "I find that the harder I work, the more luck I seem to have." For example,

- There's money for grants and special projects – government and corporate – why shouldn't you have it?
- If you've had a yearning to change job or even set up your own business, why not take steps to do this – work out what the first couple of steps would be and do those, then work out the next couple of steps and so on.
- Don't think of your salary as the only income. There are lots of other income streams and possibilities (see Chapter 6 for ideas). Don't be limited.
- Think laterally – what other routes could there be to getting what you want or need if the obvious way seems blocked?
- Consider bartering as one way of gaining what you need. Barter your skills with others.
- Who knows what's around us for free. Look in the hedgerows – there's food there; there are free offers all over the place (some of them genuine);

Now FREE For EVERYONE. FOREVER.*



*Available to UK residents aged 18 years or over and subject to identity checks

 Experian™

some people manage to blag their way into celebrity parties or just put themselves in the way of freebies. Why not you?

- So you've failed at something; so you've lost some serious money. So? Everyone fails, it's the ones who pick themselves up, dust themselves down and go forward who succeed in the end. Pick yourself up, shake off the dust of that experience and go forward.

So, finally, some practical tips on thinking and being rich would include these ideas:

- Need less. Spend less. Enjoy a simple life.
- Acknowledge and be grateful for what you have – however little you might think it is to start with. Don't wait until it's taken away from you to realise what you had.
- Appreciate what's here for free. Use what's around – free air, sunshine etc. Healthcare, free shows, free offers etc.
- See how rich people think – those who are rich in money and rich in life – copy them if you can.
- Expect good – why not? Change your habit of thought – why not?

- Hang around with upbeat, positive people – not offensively smiley all the time self-satisfied types, but genuinely energetic, going-for-it people. It can rub off.
- Keep your feet on the ground and don't imagine that just 'thinking' it will create it. You've got to do some actual work, along with the positive frame of mind, to bring the good.

"He is rich or poor according to what he is, not according to what he has."

Henry Ward Beecher