

LET'S TALK WINTER FINANCES

Police Mutual

December 2022

The evenings are darker, and the weather is colder, the winter is definitely here. As usual for this time of year we will be using more gas and electricity and with the current energy crisis it's more important than ever to think about these costs and ways to reduce them.



The Government has recently announced an Energy Bills Support Scheme worth £400 across six monthly payments, from October to March, to help support residents across England, Scotland, and Wales this winter. You can find out more about the Energy Bills Support Scheme [here](#).

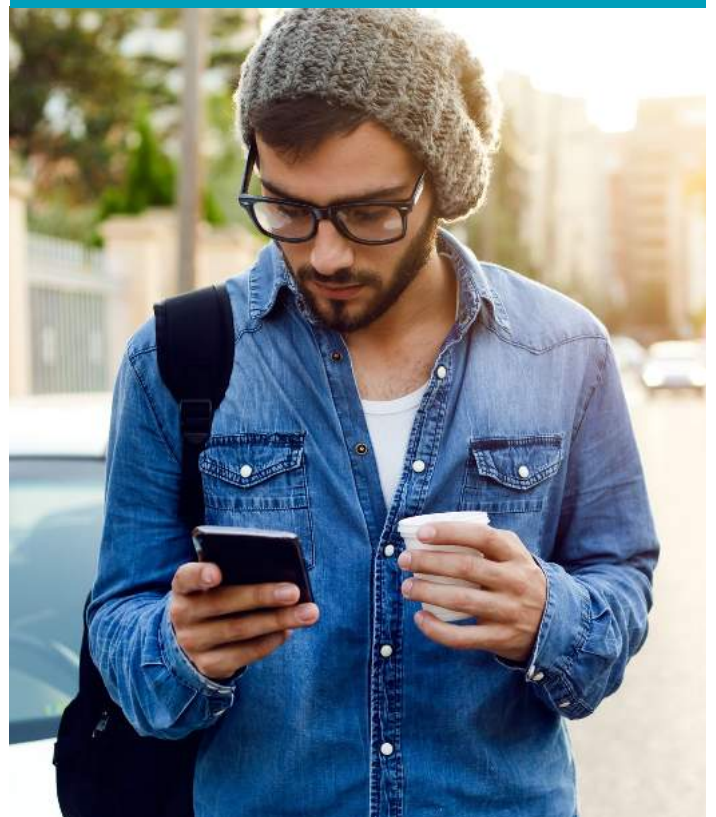
OFGEM rules mean suppliers must offer people a payment plan that they can afford, and they can ask for "emergency credit" if they use a pre-paid meter they can't afford to top up. Most suppliers have also signed up to fresh commitments drawn up with OFGEM and the industry body Energy UK to support consumers this winter.

If you receive certain benefits, you may receive the cold weather payment. You'll get a payment if the average temperature in your area is recorded as - or is forecast to be - 0°C or below over seven consecutive days. You'll receive £25 for each seven-day period of very cold weather between 1 November and 31 March.

If you were born on or before 25 September 1956, you could receive the winter fuel payment of between £100 and £300 to help you pay your heating bills.

You may also get a one-off discount of £150 on your electricity or gas bill between October and March though the warm home discount scheme. To qualify, you'll need to be in receipt of the Guarantee Credit element of Pension Credit or be on a low income and meet your energy supplier's criteria.

[PayPlan's](#) CEO recently said: 'It's crucial to understand that gas and electricity bills are classed as priority bills, which means there can be severe consequences for missing or being late on a payment. If people don't pay them, their supplier can collect the debt using a debt collection agency. They can also get a court warrant to enter their homes to fit a pre-payment card meter. So, if you are struggling to pay for energy or think they may get into financial difficulty, it's important that you contact your supplier as soon as possible.'



Reducing your bills at home over the winter period



With the summer behind us, it's now time to start thinking about how to efficiently heat your home, and reduce the amount of energy you use:

- **Change light bulbs** - to energy efficient ones and just use a lamp rather than the main room light.
- **Boiler** - it's important to have your boiler serviced by a registered engineer annually to ensure it's ready for the coldest months when it will be working the hardest.
- **Radiators** - don't put furniture in front of them or dry washing on them. You may also want to consider installing heat reflective radiator foil, which could provide an economical solution to prevent heat loss and reduce household energy bills.
- **Smoke and carbon monoxide alarms** - check that your smoke and carbon monoxide alarms are functioning correctly and not low on battery power.
- **Loft insulation** - with temperatures dropping, it's a good idea to check the loft to see whether you need additional insulation.
- **Windows and doors** - blocking any draughts can make a big difference to the warmth of your home and help cut your energy bills. Using draught excluders at the bottom of doors can also help. Draw your curtains/blinds in the evening to minimise heat loss through windows.
- **Heat the person not the home** - invest in warm blankets, dressing gowns, jumpers or even an electric blanket, so you're warm wherever you are. For more details click [here](#).
- **Appliances** - think about which appliances cost the most to use. Switch from using a tumble dryer to using an airer. Switch from your electric oven to the microwave or air fryer. Ensure your washing machine is full when you use it and reduce the temperature you use.
- **Electricity vampires** - we all have a lot of devices that are mostly on standby, including TVs, desktop PCs, games consoles and set top boxes, these can use up to 80% as much power when on standby as they do when active. Try unplugging them from the wall when not in use.
- **Hot drinks** - only use as much the water that you need when boiling the kettle.
- **Showers** - take showers instead of baths and keep these short, 4mins is all you should need.
- **Smart meter** - a smart thermostat allows you to change the ambient temperature of your home from your smartphone.

As well as the energy price increases, we also have the increased interest rates.

Parliament tasks The Bank of England with keeping the rate of inflation at 2%. Putting up interest rates is the main thing it can do to stop prices from rising so fast and bring down the rate of inflation. The Bank of England rate often influences the rates charged by lenders and paid to savers

Banks are not obliged to follow Bank of England interest rate decisions, but they can influence the cost of borrowing, or how much interest you can earn on savings.



What impact does the interest rates rise have on mortgages?

If you have a loan or mortgage that charges you a variable interest rate, you might find that the cost of your repayments goes up.

If you're on a fixed rate you won't see any change until the end of your fixed period.

It's important to understand how a change in interest rates could impact your ability to pay. You can use a mortgage calculator to work [here](#) out how your monthly payments might be affected.

When, and if, your mortgage repayments are affected by an interest rate change will depend on what type of mortgage you have and when your current deal ends.

If you have a variable rate tracker mortgage, linked to the BoE base rate, you're likely to see an immediate impact on your mortgage repayments if there's an interest rate rise.

Those on a standard variable rate mortgage will probably see an increase in their rate in line with any interest rate rise. The change is decided by your lender, so this isn't guaranteed but is highly likely. If you're unsure, check the terms and conditions in your original mortgage offer document.

People with fixed-rate mortgages are likely to be affected once they reach the end of their current deal. An interest rate rise could make re-mortgaging or a product transfer to a new fixed rate more expensive.

You can explore ways to keep your mortgage costs down [here](#).



For more help on reducing your outgoings, read our how to spend less guide [here](#).

As we face the financial pressures of winter and the festive season it's more important than ever to have an accurate budget that you stick to. For more guidance read our smart budgeting guide [here](#) and read the 10 tips to managing your finances [here](#).

Christmas planning



With Christmas just around the corner, many people will be worrying about how they are going to be able to afford it.

It may seem tempting to fund Christmas on your credit card, but before you do that think about the long-term effect of credit card debt. Instead of reviewing your budget in January, do it now. You will then know exactly how much you have to spend this Christmas.

For many people the struggle is after Christmas when January pay day seems a long way off and living on credit or going into debt might seem a tempting way to get through. So, try to manage your finances now before the festive period starts to avoid the January blues. **[Police Mutuals budget calculator](#)** is a useful tool to help you see how you can budget for you and your family and stay in control.

Statistics published by the Bank of England estimates that a typical household spends an extra £800 in December, with many people buying Christmas gifts much earlier, in October and November, the total cost of Christmas for many families will be higher.

When writing your Christmas gift buying list, consider a couple of questions. Do the people you love really need an expensive gift and would they be happy knowing you may have gone into debt to get the Christmas present? Talk to your loved ones about being on a budget and maybe agree not to buy for each other this year or reduce the amount you usually spend. For most people this relieves the burden of having to reciprocate your expensive gift and can be a relief if they are struggling with their Christmas finances too. Spending time with family and friends is more important than an expensive gift. For more Christmas money saving tips click **[here](#)**.

As well as gifts, the other expense at Christmas is food and drink. But for most of us, a lot of this extra food isn't wanted and it often ends up being thrown away. So, before doing your Christmas food shop, think seriously about the meals you will be making and what you realistically need and then stick to this list when you are in the supermarket.

Think about food from 3 perspectives, your bank balance, your health, and the environment.

Panic buying can be a problem for many of us as we get closer to Christmas, thinking we haven't brought enough, so stay strong and try to stick to your list.

Police Mutual Services

Worrying about money can be extremely stressful and may lead to mental health conditions. Police Mutual are here to help. We want to break down the stigma surrounding debt and get people talking about money.

Financial Resilience is the ability to withstand life shock events that impact your income. It has never been more important to be financially prepared as the ongoing impact of the rising cost of living crisis continues to affect all of our finances. In this webinar we will share hints and tips to help you feel confident about making good financial choices including some specific to the Police family. You can view the webinar at any time clicking [here](#), completing the personal details section and then selecting the 'submit' button,

We've teamed up with **PayPlan***, one of the UK's leading free debt advice providers, who offer free and confidential advice to anyone in serious financial difficulties.

They're able to advise you on a range of debt solutions suited to your individual circumstances, helping to protect you and your family with a sustainable way to manage your debt.

Get free and confidential help to combat your debt, call **PayPlan*** on **0800 197 8433**



For more information about the products and services available from Police Mutual:

Call us 01543 441630
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We're open from
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