

GILL FIELDINGS

# 7 SIMPLE MONEY MISTAKES

THAT ARE COSTING YOU A FORTUNE  
AND HOW TO AVOID THEM



**FIELDING  
FINANCIAL  
FAMILY**

Gill Fieldings...



1

## Believing that wealth isn't for you!

### Believe...

Belief can be incredibly supportive and can drive you forward and motivate you –but it can also be terribly destructive. As I child I believed I was bad at maths – basically because my dad told me so – and I didn't even get Maths 'O' level. But I am incredibly good at maths and had to work hard to change that belief later in life.



The same is true about money. If we believe that we don't deserve it or are not worthy of it – we manifest a position of poverty and manage to not keep money and to fritter it away on nothings. I can remember Duncan Bannatyne saying that his Dad had told him that wealth 'wasn't for the likes of us', and many people are given this negative belief as children, and of course if you grow up never expecting to be wealthy and believing that it isn't right for you then to actually create wealth is very difficult, mainly because you have to 'go against' the beliefs of your family to do so.

My mum found my constant chatter about money embarrassing, and on the way to visiting relatives my mum would say to me 'now when we get there don't talk about money'. Again if you are brought up thinking that money is bad or naughty or embarrassing, it can be difficult to break that belief when you grow up.

### But it can be done!

I know the first step to becoming wealthy is to change how you feel and believe about it – otherwise you won't keep anything you make. The first step is to work out what you believe – and if you don't know - keep a diary and when anything financial happens to you – you get paid or receive a bill, how do you feel – joyous or despondent? Once you work out what makes you feel bad then attack that belief by asking yourself – repeatedly until you have the answer and the belief changes:

- How does this belief serve me in life?
- What does this belief do for me?
- What behaviours or actions does this belief create for me that I need to lose?
- Is the belief true?
- Do I want to get rid of this belief?
- When do I want to lose it?
- When do I want to start to eradicate it?
- Have I any **evidence** from my past where this belief was not true for me? Do I have any experience that contradicts the belief? When was it? What is the evidence?
- Do I know of **anybody** for whom this belief is definitely not true? What can I learn from that? What can I copy from that person that will serve me better?

And then finally, what do I want to **replace it** with?

Of course we want to replace every negative belief with a positive one so start making a list of those today – start with "I am WORTHY of wealth", and if you believe that then you are well on the way to a wealthy life.

**Forgetting that pennies count**



It is an absolute truth that if we just invested a little of this money wasted on incidentals we could make a significant difference to our financial lives over time, and we may even be able to make ourselves financially free with it.

**So how does that work then?**

All you need to do is to save £1.85 per day for your working life (for us that means from the ages of 18 to 65) into an investment fund which produces 11.7% return (or 12% just to make it simpler), and you will end up with:

**£1,225,514...and 31p!**

I've used 11.7% because that is the return generated by the stock market, on average over the last few decades and so it is achievable over time.

Of course, if you want to end with £2.5 million you save two lots of £1.85 – that's £3.70.

You decide what you want and when you want it and then take the right action to make sure that you get the right result.



Most people say to me they can't be wealthy because they don't have any money – what a ridiculous excuse and what a load of baloney!

Money is like a pot plant on your kitchen windowsill – it will grow if you feed it and water it. Also most pot plants grow from seeds which are obviously tiny – and money is the same. Small amounts of money properly planted and looked after WILL grow into a massive amount of wealth.

We also know the average person in the UK spends £13 per week on the lottery and lottery scratch cards and games of chance. They do that with a “one in 14 million chance” of being wealthy – but there is a better way! By investing your money you could have a 100% chance of being wealthy in your lifetime.



## Putting your head in the sand

I meet people who tell me they haven't opened a bank statement in many years and that all brown envelopes get put under the carpet, and sadly this 'head in the sand' approach to money is damaging, totally unsuccessful, and frankly ridiculous.

For most people it's the fear of the unknown that is the most scary thing and we all know even tasks we are frightened by, aren't quite so scary when you get going. Once we know the size of the problem and exactly what it is, then we can start to take steps to resolve and solve.

Knowledge is key to making a difference here. Whatever the size of your financial problems, they won't get any smaller by ignoring them, so do whatever you need to do to boost your belief (see mistake number 1) and dive right in.

The first thing you need to do is to understand where all your money goes on a regular weekly or monthly basis, so keep a financial diary. Every day for a month or so write down everything you spend: every newspaper, gas bill, mortgage payment, children's lunches, EVERYTHING – and that includes payments made on credit card, debit card, cheque or cash – EVERYTHING.



Then get a large piece of paper or a computer spreadsheet and add it up. Ideally block all the like items together, and I put mine in groups of:

**House and utilities**

**Children**

**Food**

**Car and travel**

**TV, entertaining and leisure**

**Big capital one off type items**

And

**CASH.**

And once you can see where all the money goes you can do something about it. I have had people do this and say – well now I know why we don't have any money – it's because we spend £50 a week on takeaways! Whatever your level of awareness here you WILL find some area where you are overspending or where you could make savings. Look on price comparison web sites for better deals on utilities and insurances for example. Also as a 'game' why not challenge yourself to spend 5% or £5 less every time you go into the supermarket?

Keep challenging yourself and recording this every month until you feel that you have eliminated all the wastage.

And once this area of expenditure is under control – attack the next major mistake – not controlling debt!

**Not controlling debt**



- the rate of interest you are paying: and if you don't know phone them up and ask! Get the phone number from your statement or even the back of the card.
- Repayment terms if any – and include early repayment penalties

Keep going until you have listed everything.

Take another deep breath! Then:

3. Prioritise the debt by putting all the borrowings in the order of the most painful first – and that usually means the highest interest rate – through to the least painful. It is likely that the most painful are going to be store cards, as the interest rates tend to be higher there and the least painful is likely to be the loan from your mum or other family member.

We may get overwhelmed with debt from time to time but as long as we maintain control then we can manage that debt without fear or panic. As with most things, if we are fearful we tend to make the 'wrong' decisions and create more challenges, but with a sensible, and controlled action plan, we can manage our way into calmer waters.

So what do we do if we have lost control of our debt position?

1. Take a deep breath, get a (possibly large!) piece of paper and make a list of all the debt you have. Include credit cards, loans – even those from friends and family), Hire Purchase, business loans, bank overdrafts, store cards – and any other borrowing you have. **Don't include mortgages on this list.**

2. On that list make a note of:

- each borrowing
- who gave it to you – the bank, credit card company, store etc
- the amount outstanding



4. Now if at that stage your debt is totally beyond your control and you have NO way of paying any of it, then go immediately – with your list – to the Citizens Advice Bureau and ask to see a debt counsellor.

5. If however you feel the position isn't entirely hopeless, make a list of all the minimum payments you have to make each month, and this includes all the regular stuff on fixed loans etc TOT them up and see if that is do-able for you on a monthly basis. If it is **go onto step 7 below**.

6. BUT, if when you add up the total you are expected to pay as a minimum each month you feel slightly out of control – so you know you can pay most of it, but perhaps not all, you now need to go back to each individual loan provider to see if any of them will reduce their monthly payments for a bit whilst you get it all back under control.

- If not then revert **back to point 4 above**.
- But if you are successful there and you manage to get a couple of them to reduce the minimum payments, then go onto the next step.

7. We now have a total list of what we owe together with a sum of the monthly payments,

which we believe we can make. And, if that's all you can make then pay those every month ON TIME. If however you have a little bit more cash left over, after paying all the minimums, then use that little bit extra to pay something more off the most painful debt on your list. And keep doing that every month until the most painful debt has gone, and then move onto the next painful and so on all the way down your list – until eventually all the debt has gone.

Now this may take you some time but you will feel so much better knowing that if you just keep doing that, then eventually all your debt will be gone, and for the time being you are in control and managing it properly.

Now when you were creating your list of debt you may have been surprised by how much interest you were being charged on some of your debt – and you will be charged a higher rate of interest the worse your credit score is, so the next mistake is to not have responsibility or control of your credit file!

**Not knowing or understanding your credit score**



There are seven steps we can take to improve our credit score by getting control of the issue:

**1. Turn detective**

If you have never looked at your credit file before I suggest that you get what's called a multi report, and this includes summaries of the credit information held on you at the main UK credit referencing agencies including: Experian, Equifax and Check my File. To get a multi agency report click here:

<http://www.checkmyfile.com/credit-report.htm>

So once you have found all the information what does it mean?

The multi agency report does actually include a lot of detail to help you, so read all that and then:

**2. Turn cleaner**

Clean up your file by checking and correcting all your data. For many people simple errors with names, addresses, post codes, dates of birth etc make a difference. So check yours thoroughly and if you spot any errors then write to the credit referencing agency – and enclose proof of what you want to change. Some agencies call this a notice of correction.

Then check all the separate credit histories for each individual loan, mortgage or credit card that you have and again you may find some simple errors with payments histories or other details. Again correct them.

When you are checking you may find that there are challenges that have arisen because of disputes you are having, and again you can write to the credit agencies and tell them about the dispute, and enclose your evidence and proof here too. Some agencies call this a notice of dispute.

Then with genuine challenges from your past which may include bankruptcy, county court judgments, and other negative data just check that the information is again correct and then draw a line under it. Whatever happened in your past is gone and although we may regret it, we can't change it.

Agencies also like to see you acknowledge your troubled past so if you do have a genuine problem on your credit file then you may wish to write a few words about it, what it was, how it happened and how you have made sure that it won't happen again! Most agencies will allow you to post up to 200 words of this type of explanation on your file so that potential lenders will see it.

So get all the data as clean as you can and then:

**3. Be dull**

Consistency is key with credit files and the longer you stay at the same house and the same bank and in the same job, the more the agencies like it. So to really improve your credit score make sure you keep the same name, the same spelling, the same address and so on, for as long as possible.

Now obviously this may not always be possible but if you keep everything as constant as

possible and build up your credit score to be as robust as you can, then these changes won't impact much, but if you think a change of personal details is impacting your credit score then always consider writing a 200 word explanation of the change to post onto your file.

#### **4. Go solo**

Every financial transaction you make is recorded on your file and that includes those transactions that you make jointly – with either a spouse, or partner, sibling or friend.

Consequently you need to be totally sure that your financial partner is as good with their credit file as you are otherwise the joint transaction may drag down your score.

If your credit score is very important to you then take out single transactions only, and if you split up with that partner then as soon as the finance is separated or no longer active, then write to the agency and tell them. Some agencies call this a notice of disassociation.

#### **5. Get active**

The fact of the matter is that people with no credit have a zero credit score, and as our world is increasingly a credit driven one, then this can be a total disaster. The only way to drive up your credit score is to have lots of credit and to be seen to controlling it and managing it well. The more credit you are seen to handle, the more you are likely to get, as you are a 'good' risk.

#### **6. Be good!**

Look after your credit. Make payments on time, NEVER EVER miss a minimum payment, not even by a day – so if you think you might forget to pay then please put a DD in place to collect the minimum on time.

#### **7. Get control**

Going forward then what more can you do to maintain or improve your credit file?

1. Make sure that the address you use for all financial transactions is exactly as it is on the electoral roll – even watch capital and lower case letters, and different spellings etc
2. Every time you take out another financial loan or mortgage or credit card, then review your credit file again for the impact that it has had. In some cases it will drive your score up and in some cases it will drive it down, so watch your own file carefully for changes.
3. When you apply for new credit of any kind then ask the lender to do a 'quotation search' rather than a credit search. Unfortunately not all potential lenders will do this but ask every time just in case they can.

**NB. Moneysupermarket.com do a smart search for free – if you click on their web site you will see a button to get this search which is a credit profiling tool and tells you the type of card you are most likely to be accepted for.**

4. Time applications with large gaps in between. Too many credit applications in one month will negatively impact your file – so perhaps one every 6 months or so, but watch your own file for the impact each application has until you can work out how long to leave it between applications and still keep your score solid.

And finally,

5. If you feel that you have been unfairly treated or that your credit file is wrong but the agency won't correct it then you can complain to the financial ombudsman at:

[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

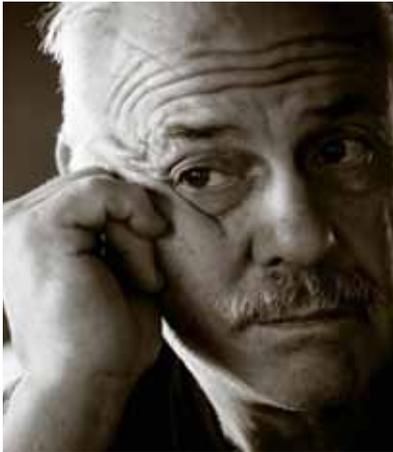
and if you just can't get control of your debt then get help by either contacting your local citizens advice bureau, or look at the government guides on :

<http://www.consumerdirect.gov.uk>, or contact:

<http://www.debtadvicegroup.co.uk/about>



## Ignoring the future



When you have got control of your current position now it's time to look to the future as most people fail to plan for their financial future and if you fail to plan then sadly you are planning to fail!

Most people in the UK, USA and most of the western cultures retire with insufficient means to see them through retirement – and in the UK that means that you have to try and live on the government pension which can't be done because it's pathetic!

### And it's going to get worse!

The current UK government pension, at £97.65 per week is now only 15% of average earnings compared to 25% when pensions were introduced.

There are now 11 million pensioners, with more than 80% of the workforce living long enough to claim a pension. It is expected that there will be 12.5 million pensioners by the year 2025 when there will be only 3.5 working people for every pensioner compared to 4.5 now.

Oh dear!

The only way to save yourself from a terrible financial fate is to **save yourself!**

Don't leave it to chance or to someone else - with any luck you will live for many years after you retire so get control and get active. Start saving the £1.85 per day – see mistake 2, start looking at opportunities and wealth creation projects (see mistake number 7!), join the Fielding Financial Family and keep active with it.

I can tell you that already each of our three children (who at the time of writing are 21, 16, and 14) are already fully provided for in their pensions as their dad and I have contributed from the day they were born into a pension fund – in their case called a Stakeholder pension.

So find out what pensions you will get? If you only have the state pension then you need to get active quickly! You may be lucky to have another pension either from a job or old employment – so find out where they all are – write or call your old employers and ask if you have any pension. Speak to your current employer about the pension entitlement you have there – most employers will have some kind of information sheet about it.

Then, are you stuck with the Pensions you have?

No, but you might want to stick with it if you are lucky enough to have a final salary scheme. Other than that you can transfer a company or employer pension into a SIPP, or another scheme and you won't lose the benefits even if you leave the job. What you do here is to ask your current employer – or pension provider – if the pension is transferable, what the transfer value might be and how to transfer – and they should send you all the details.

You then transfer the pension's savings pot to a pension fund provider of your choice – and that may mean that YOU can have control of it!

Whether you like pensions or not, you MUST look to your financial future. Wealth is created best over the long term and the longer you save the more the future money will be. So start saving yourself today!

## Putting all your eggs in one basket



My old granddad was a typical old Londoner who saw out his days in a cold and miserable high rise council flat. One day he said to me “ere gel, come an ‘ave a look at me washing machine”. Well, I was used to his unusual claims and on this occasion he assured me that it was the most valuable washing machine in the street, and I duly went to look at this appliance to see something so old that Noah must have rinsed his smalls out in it.

Nonetheless I tried to look impressed and nodded encouragement as Granddad giggled and opened the machine lid to reveal a tea caddy – which was absolutely stuffed full of money. The contents made sure that it was, for certain, the most valuable washing machine in the street.

Now granddad clearly was a wealth creator in his own way but he had all his eggs in one basket (or tea caddy in his case) and that is risky. If that one thing gets lost or stolen or fails in any way then all the wealth is gone, so we must get used to the concept of spreading everything we have.

Now on a very simple level for granddad what he should have done was put some money in

the washing machine, some under the bed and some on the mantelpiece because when he died his flat was cleared out (not by me) and the washing machine was taken and dumped – so we never did get the money back.

So what ever you have spread it about!

If you have savings, spread it over different banks, building societies and investment groups. If you have investments spread them between the three main groups of:

- land and property
- assets such as shares, options, commodities, currency and so on
- businesses

and then within each group make sure you spread again, so for example with property make sure you invest up north **and** down south, invest for income **and** for capital growth, invest in small properties **and** large ones.

That way you will get access to all increases, profits and gains wherever they come from, and any losses will be relatively and proportionately small so it doesn’t disturb your overall wealth, or destroy your financial future.

And finally – take action!

That is the way to make yourself wealthy over time, fully in control of your life, your actions and your finances.

I wish you every success in everything you do

*Gill Fielding*

Gill Fielding

PS: If you’d like even more Wealth Building Ideas – then lets meet up at one of my 3 hour seminars. Please visit [www.askgillfielding.com](http://www.askgillfielding.com)