



FINANCIAL MANAGEMENT ADVICE SHEET

The following advice sheet is based on information given to callers to the TSG Helpline – 08000 856 131. Should you need to discuss your debt or other concerns, please feel free to call! The Helpline is confidential and anonymous.

It is impossible to give advice which is more than preliminary and general – everybody's situation is different. However, looking at the situation generally certain things can be said:

1. Common problems with finances for trainees and paralegals

- not enough money to live on, especially if working on the minimum salary or below.
- not enough money to keep up loan repayments.
- bank charges due to cash flow difficulties.

2. What the banks identify as typical problems in the early years of a legal career

➤ [Lack of income in the early years](#)

Many people are on the minimum salary or below. Before people are ready for it they may well find that student and postgraduate loans have to be repaid although their income is still not high. In addition to struggling to make ends meet and particularly when avoiding the bank manager, bank charges due to cash flow difficulties can start eating into limited income if there is an unauthorised overdraft for any length of time.

➤ [Multiple accounts](#)

This is the situation in which a trainee has, for example, one account in the town where they used to live with parents, one in the town where they went to university, and one in the town they are now working.

Trainees and solicitors generally work long, tiring hours and in consequence managing their finances is not done as well as it perhaps otherwise would be. Without telephone banking it may be particularly difficult to keep track of whether bills have been paid, cheques drawn etc as the trainee may have difficulty getting to the bank and be relying merely on monthly statements.

Managing limited finances is especially difficult if there is more than one account and moneys have to be transferred between accounts and/or the bank cannot see that the overall financial position is better than indicated to them by the only account they have for the trainee.

➤ Lack of communication

Banks know that in the early years of a legal career money may be tight. They may be able to help if they know what the problems are, for example, by giving an overdraft, even on a probationary period, or by freezing interest on an account – in some cases they may even be able to write off certain debts or waive the right to impose bank charges. They can only do this if the trainee gets in touch with them and discusses things. More often than not, however, trainees avoid the bank manager, perhaps because they fear their credit cards being cut-up or suffering from some other penalty which will make life worst than it is now, or perhaps through fear or embarrassment about their situation. They may not have talked to their peers. They may feel that other people are not in the same predicament.

3. Money Problems and Citizens Advice Bureaux (CAB)

Most trainee solicitors will know something about debt from their training in litigation, and from life as a student. But whilst it is relatively simple to give other people advice, it is sometimes difficult when the problem is your own and you are emotionally involved and subjectively involved. It may be that you would like assistance with money problems whether debt, tax, or benefits related may find CAB can help.

- CAB have trained money advisors. They can help with guiding clients through dealing with creditors, prioritising debt repayments, writing letters to creditors etc.
- You should check when calling the CAB whether they can see an advisor at a convenient time, perhaps after work.

4. Managing your money – the dos and don'ts

➤ You should do the following:

- Speak to a bank advisor to plan your finances to make the most of your money.
- Put some money aside regularly for gas, electricity and phone bills.
- Keep a regular check on your bank account, i.e. by phone or using the internet.
- Get a part time job as long as it doesn't interfere with your studies/full-time job (possibly not for trainees!!).
- If you have a mobile phone watch out for high call charges and other costs.

➤ Don't do the following:

- If you are a student, try to avoid buying new course books if you can. Buy second-hand books from students in the year above you.
- Don't run up an overdraft or go over your overdraft limit without speaking to your Student Adviser/Bank Adviser.
- Never commit yourself to a finance company, a personal loan or interest-free loan without checking whether you can afford the repayments.
- Don't see credit cards as another source of funding.
- Don't forget to pay your gas, electric and phone bills – make them a priority.