**Cost of Living**

**Task 1:**

Estimate the *cost of living* *per month* for the following typical households:

1. A student living at university for the first year of their studies.
2. A young couple with no children.
3. A family of two adults and two children.
4. A retired couple.

For each estimation be sure to include any of the following as you believe necessary:

|  |  |  |
| --- | --- | --- |
| * Rent / mortgage
 | * Mobile phone
 | * Food
 |
| * Water
 | * Home insurance
 | * Clothes
 |
| * Electricity
 | * Car insurance
 | * Pet costs
 |
| * Gas
 | * Car tax
 | * Socialising
 |
| * TV licence
 | * Car maintenance
 | * Holidays
 |
| * TV, home phone, broadband
 | * Petrol / transport
 | * Other
 |

\*To convert annual costs to monthly costs, divide by 12.

**Task 2:**

For each of the four households above estimate a typical, or average, income and use this make an estimate of the **amount of disposable income each month**. Give reasons for your decisions and assumptions.

**Task 3:**

What effect would geography have on each of your estimates above? Consider each scenario above for people living in the following areas in the UK:

1. Central London
2. Norwich
3. Liverpool

**Use these boxes to plan your outgoings**

|  |  |
| --- | --- |
| * Rent / mortgage (per property /month)

London 2 bed = London 4 bed = Norwich 2 bed = Norwich 4 bed = Student Accomm =  | * Mobile phone, per month

Sim only = Nice new phone package =  |
| * Water, per month

For a home = Student Accomm =  | * Home insurance, annual
 |
| * Electricity, per month

For a home = Student Accomm =  | * Car insurance, annual

Older, married, with children, lots of no claims discount = New driver =  |
| * Gas, per month

Per monthPer month, student accomm  | * Car tax, annual

Small, eco, zero pollution = Larger gas guzzlers =  |
| * TV licence, annual

Annual, for a house = Student Accomm; bedrooms with locks = No locks =  | * Car maintenance, annual

MOT + service =  |
| * TV, home phone, broadband, per month

Basic fibre = TV Channels etc = Student Accomm =  | * Petrol / transport, per month
 |
| * Food, per week

Aldi = Waitrose = Restaurant meal for two =  | * Socialising, per event

Cinema = Night out = Restaurant meal for two =  |
| * Clothes

?? | * Holidays (per person)

Four days camping, UK = One week, all-inc package, Europe = Two weeks, Disney, Florida = (flights, car hire, Disney tickets, food, hotel, airport transfer, Esta)  |

**Some suggestions for typical costs (as of ~2018/2019)…**

|  |  |
| --- | --- |
| * Rent / mortgage (per property /month)

London 2 bed = £1500+London 4 bed = £4000+Norwich 2 bed = £650+Norwich 4 bed = £1200+Student Accomm = £300-500 pppm | * Mobile phone, per month

Sim only = £5 /monthNice new phone package = £50 /month  |
| * Water, per month

£30-£50 /monthStudent Accomm = £10 pppm | * Home insurance, annual

£100-£250 /year |
| * Electricity, per month

£50 - £80 /monthStudent Accomm = £25-30 pppm | * Car insurance, annual

Older, married, with children, lots of no claims discount = £200 /yearNew driver = £1500+ /year |
| * Gas, per month

£50 - £80 /monthStudent Accomm = £25-30 pppm | * Car tax, annual

Small, eco, zero pollution = £0 /yearLarger gas guzzlers = £300+ /year |
| * TV licence, annual

£144 /yearStudent Accomm; bedrooms with locks = £144 per each TV in bedroom. No locks = £144 for whole property | * Car maintenance, annual

MOT + service = £200+ /year |
| * TV, home phone, broadband, per month

Basic fibre = £21 /monthTV Channels etc = £70 /monthStudent Accomm = £11 pppm | * Petrol / transport, per month

£80+ /month |
| * Food, per week

Aldi (£50 /trolley) = £50 - £100 Waitrose (£50 /bag) = £100 - £200 Restaurant meal for two = £20-50 | * Socialising, per event

Cinema = £5 - £20 /person Night out = £50+ /personRestaurant meal for two = £20-50 |
| * Clothes

?? | * Holidays (per person)

Four days camping, UK = £200One week, all-inc, Europe = £600-£1500Two weeks, Disney, Florida = £3000(flights £800 car hire £300, Disney tickets £500, food £600, hotel £700, airport transfer £50)  |

**How to minimise your expenses…**

|  |  |
| --- | --- |
| * Rent / mortgage

It’s cheaper up northHouse share | * Mobile phone

Use comparison websitesCompare overall costs over term length of buying the phone outright + sim only vs packageHaggleUse a student card if you can |
| * Water

If possible, work out whether a water meter is cheaper or not | * Home insurance

Use comparison websitesHaggleDon’t make unnecessary claims |
| * Electricity

Get dual fuelPay by direct debitUse comparison websitesSet a reminder for when your deal ends then aim to switch or haggleNever stay on the standard tariffGet smart / led bulbs | * Car insurance

Use comparison websitesNever accept the renewal quoteHaggle a lot Buy/use a car with a low insurance group, this probably has cheaper tax too |
| * Gas

Turn the thermostat down by a degreeSee notes for electricity above | * Car tax

Use car sales websites to find cars with low tax |

*More overleaf…*

|  |  |
| --- | --- |
| * TV licence

There’s nothing you can do here other than not have a TV and not to have BBC iplayer (etc.) on any of your devices. | * Car maintenance

Shop aroundUse vouchers in local papersGet an MOT + service combined |
| * TV, home phone, broadband

Haggle a lotPay line rental up frontThink about whether you really need the TV channel | * Petrol / transport

Drive sensiblyUse a diesel car as these do many more miles per gallonConsider an electric carLook for employee lease discountsWalk or bike |
| * Food

Use Aldi, Lidl etc.Plan meals for the week and don’t waste foodWork out what times supermarkets reduce their food and shop at those times | * Socialising

Use a local discount book, e.g. Spree etc. Find and use vouchersGo on special deal nights |
| * Clothes

Shop onlineBuy in the salesBirthdays and ChristmasUse charity shops | * Holidays (per person)

Last minute dealsStaycationAir bnbStay with friends and relatives, who will usually also be great company, hosts and tour guides!Take up offers of accomm from friends and relatives (within reason and safely) |