**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 month  Per 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 /month  Nice new phone package = £50 /month |
| * Water, per month   £30-£50 /month  Student Accomm = £10 pppm | * Home insurance, annual   £100-£250 /year |
| * Electricity, per month   £50 - £80 /month  Student Accomm = £25-30 pppm | * Car insurance, annual   Older, married, with children, lots of no claims discount = £200 /year  New driver = £1500+ /year |
| * Gas, per month   £50 - £80 /month  Student Accomm = £25-30 pppm | * Car tax, annual   Small, eco, zero pollution = £0 /year  Larger gas guzzlers = £300+ /year |
| * TV licence, annual   £144 /year  Student 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 /month  TV Channels etc = £70 /month  Student 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+ /person  Restaurant meal for two = £20-50 |
| * Clothes   ?? | * Holidays (per person)   Four days camping, UK = £200  One week, all-inc, Europe = £600-£1500  Two 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 north  House share | * Mobile phone   Use comparison websites  Compare overall costs over term length of buying the phone outright + sim only vs package  Haggle  Use a student card if you can |
| * Water   If possible, work out whether a water meter is cheaper or not | * Home insurance   Use comparison websites  Haggle  Don’t make unnecessary claims |
| * Electricity   Get dual fuel  Pay by direct debit  Use comparison websites  Set a reminder for when your deal ends then aim to switch or haggle  Never stay on the standard tariff  Get smart / led bulbs | * Car insurance   Use comparison websites  Never accept the renewal quote  Haggle a lot  Buy/use a car with a low insurance group, this probably has cheaper tax too |
| * Gas   Turn the thermostat down by a degree  See 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 around  Use vouchers in local papers  Get an MOT + service combined |
| * TV, home phone, broadband   Haggle a lot  Pay line rental up front  Think about whether you really need the TV channel | * Petrol / transport   Drive sensibly  Use a diesel car as these do many more miles per gallon  Consider an electric car  Look for employee lease discounts  Walk or bike |
| * Food   Use Aldi, Lidl etc.  Plan meals for the week and don’t waste food  Work 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 vouchers  Go on special deal nights |
| * Clothes   Shop online  Buy in the sales  Birthdays and Christmas  Use charity shops | * Holidays (per person)   Last minute deals  Staycation  Air bnb  Stay 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) |