

The simple definition of inflation is the general increase in the prices of goods and services in the economy over time which corresponds with a decrease in the value of money. In other words it decreases what you can buy with the same amount of money.

Inflation will affect individuals and the economy. When inflation rises faster than wages increase, it causes a decrease in purchasing power that forces individuals to spend more money than they did before.

In basic terms, inflation can affect items that you buy on a regular basis, such as food, but it can affect nearly every purchase that you make.

There are both long and short-term effects of inflation. While inflation can have an adverse effect on your financial future, it can also make it difficult to meet your financial obligations right now. That's why it's important to have steps in place to deal with inflation so you don't end up in financial difficulties.



Follow these steps to help deal with inflation and keep your spending within budget.



Create or Review your Budget

By putting together a budget plan you'll have a clearer picture of what will be coming in each month and what's going out and your available discretionary spend.

One of the best ways to help beat inflation is to create or continue to follow your budget. This will ensure that you know exactly what you are spending your money on and not spending more than you earn, regardless of how inflation affects the cost of something.

Be sure to have set a budget for items inflation might affect, such as clothing and food. Allocate your money at the beginning of the month, and then stick to the spending limits you have set. Use our budget calculator [here](#) to help you manage your money.

For more details read our smart budgeting guide [here](#).

Make pain free savings

The first place to start looking at is pain-free savings. These are changes that you can easily make and that won't affect your day to day standard of living, for example changing your utility, broadband or car insurance providers.

With the recent news of utility tariff increases, you may want to check if you are able to save on your utility bills. An easy way to keep track of the best deals available is to use an App like [lookaftermybills here](#) or [uswitch here](#) or join cheap energy club through money savings expert by clicking [here](#).

Becoming creative in your purchases may help you beat inflation. Try using less expensive or store brand foods, cleaning products, and hair products. You may discover that there isn't a huge difference in the quality or taste. You could also try using a less expensive supermarket or buying online to reduce any purchases you may be tempted by, when in the store.



Reduce any unnecessary spend

If inflation seems to be overwhelming your budget and you still aren't happy with your spending then you'll need to look at other areas to make further savings.

Look at your discretionary spends, including things like, haircuts, takeaway meals and coffees and write each one on a post it note. Then rank them in order of which one you would be most willing to stop spending money on, this will prioritise your current spending. If you smoke, would you like to stop? Depending on how much you smoke, stopping could save you thousands of pounds each year. For more guidance on how to stop smoking, read our guide [here](#).

You may want to consider how much you are using your memberships, like the gym, magazine or TV subscriptions and consider reviewing your membership level, canceling or changing to another provider. Its important to ensure you are still looking after your physical health, but you could move to a cheaper gym or start using free exercise, like online classes or running.

Could you use public transport, car share or travel by bike to work in order to reduce your monthly fuel costs.



Enjoy Free activities

You can save money and still have fun by exploring free or cheap things to do in your area. You can take advantage of any museums that offer free admission or free local events.

Your friends may also be trying to save money, so you may choose to stay in and watch a movie instead of going to the cinema. Instead of eating out, you may have a night where you cook for your friends, 'come dine with me' style.

Keeping an eye on your spending

Contactless payments make it very easy to spend money, just by a simple tap, but do we know how much we are tapping away each day? Its important to keep a record of these spends to know exactly how much you have left in your account.

Just as spending has become quicker and easier, so has banking. Check your balance and spending regularly using your mobile banking apps or online banking. You can also set alerts so that you receive a text when your balance is nearing a certain amount. This will enable you to see your spending habits, potentially make savings and is also a great way of checking for any potential fraudulent activity on your accounts.



Remember your long term goals

When dealing with the rising cost of living brought on by inflation, it's important to keep your financial priorities in mind.

Continue to save, especially for your emergency fund, long term goals and for retirement. While you don't have control over what is happening in the economy, you do have control over your spending and saving habit.



For more help read our financial planning guide [here](#).

Inflation and your savings

Inflation can make a big difference to your savings and whether you make a profit in real terms (after inflation).

To know what's right for you, it helps to think through your savings goals.

Some savings accounts are index-linked which means that they'll pay interest that tracks inflation.

It's important to research which account will be best for you as with some accounts you will be paying tax on your interest which decreases your profit, meaning they may not be higher than inflation.

There's no sure way to protect your money from the effects of inflation.

Debts

Whilst inflation will reduce what you can buy with the same amount of money, its important to stick to your budget and not to live on credit cards or your

overdraft. Which will lead to debts that you'll have to pay back later.

Getting help with debt

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**.

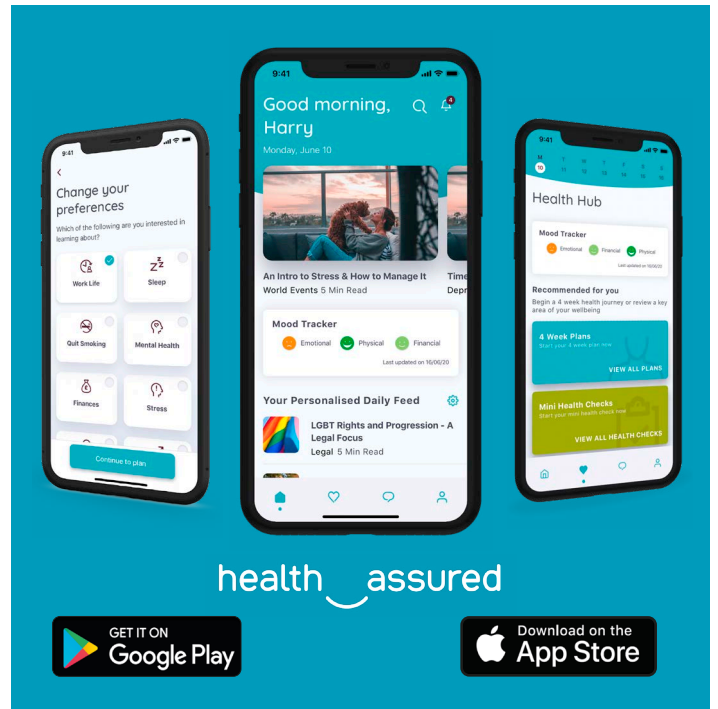
Health & Wellbeing

Our Care Line Service provided by Health Assured can offer wellbeing advice and information, helping with a range of concerns including emotional support. Take a look at the e-portal or download the APP.

Health & Wellbeing e-portal

<https://healthassuredeap.co.uk>

Username: policemutual Password: careline



Download the **Health Assured App** and register today - your code is **MHA107477**

To read more of our wellbeing guides take a look at our **Wellbeing Hub** [here](#).

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