

Simple steps to save money

The Mirror newspaper has teamed up with moneysupermarket.com to offer Brits advice on how best to save money. According to the British daily, families are in for a tough time in 2008. However, it claims that savings of up to 25 per cent of the average annual salary can be made if their advice is followed.

Most of the savings identified by the Mirror and moneysupermarket.com can be made through shopping around for the best available deal, and the most obvious area to start - given its magnitude - is the mortgage. It is possible to save in excess of £2,000 a year by switching to the most cost-effective mortgage loan - a significant reduction for those struggling with debts.

Another area in need of targeting is the personal loans market. Many families find themselves paying around eleven per cent interest on an £10,000 loan, yet rates of around seven per cent are available. Credit card debt is a similar story - a typical £2,000 debt on a credit card costs £320 a year in interest, yet significantly cheaper deals can be found with a little effort.

Meanwhile, there are a number of improvements which can be made in the insurance sphere. While life insurance is becoming cheaper due to longer life expectancy, further savings can still be made. Home insurance, on the other hand, is getting more expensive in the wake of last year's chronic flooding. As a result, the average premium for a combined home and contents policy currently comes to around £365 - yet it is possible to reduce this by as much as £100. Savings on car insurance can also be made through similar efforts in shopping around.

Britons also need to carefully consider their current account provision while they are under financial pressure. Most current accounts pay just 0.1 per cent interest on money held in the account, meaning a customer who earns £1,500 a month makes just 75p in interest every year. However, by transferring to a high interest-paying current account that same customer could earn as much as £60 per annum.

Other ways in which money can be saved include switching energy and telecoms providers, so there's plenty of scope. And with all this extra money paying bills will become easier, so there might even be some left over to put in a [savings account](#).

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