

## 5 Tips to Help Improve Your Financial Wellbeing 28th March 2022

### Guest blog written by Ian Richards, founder of Work to Live Financial Planning

According to the Financial Capability Survey, 39% of adults in the UK don't feel confident in managing their money\* – that's 20.3 million people across the UK alone! So, here are five helpful tips you can utilise to feel more confident about your financial wellbeing.

Before we get started, ask yourself why you feel you need to improve your financial and personal wellbeing? What are you missing out on doing? What part of your life are you neglecting? Do you need a better work-life balance? Maybe the reason you are working so hard is so you can change your career at some point to do what you love or retire earlier. By understanding what you are trying to achieve, you can take action to improve this and figure out what you need to do to reach your goals. Then, you can start implementing some of the tips below.

#### **Get financially organised**

Time to start budgeting! Though this can be a lengthy and mundane task, it will have a major impact on the way you think about spending. You may feel that you have a sufficient income, which helps sustain your current lifestyle, but having a budget plan allows you to take a step back and look at the bigger picture. In short – If you know what you are spending, then you know how much money you need and, more importantly, where it is going!

Start by looking through previous bank statements, preferably a handful of the most recent, to pinpoint what you are spending your money on. This will not only help you understand what your monthly outgoings are, but will tell you exactly where your money is being spent, and how helpful or justified those purchases are. Once you've done this, you can use this new information to help build a rough spending plan, which will help set you off on the correct path for financial awareness and wellbeing!

#### **Save first**

The Financial Capability Survey estimates that 10.7 million adults in the UK rarely or never save\*. If you fall into this percentage, it's time to make a change!

Savings are a great way to build your financial wellbeing, as they provide a safety net when faced with unexpected or last-minute expenses. Start with figuring out how much you would like to save, then create a spending plan with the remaining income. This will help you cut back on spending in unnecessary areas, and help you focus on funnelling that extra money into your long-term finances. This is a golden rule in building life-long financial security. This should be the foundation of your monthly finances – before you spend any money, put some away!

However, saving doesn't have to be extreme. Even £50 a month can help towards paying off any student or credit card debt or can simply be set aside to build an emergency fund. This may require some sacrifice, but committing to saving a small amount each month will leave you with more money to do the things you want to do – less working, more living!

**Understand why money is important to you**

Why do you work? Inarguably the answer is to generate an income, but why is having a good income important to you? What are you trying to achieve? Understanding your personal answer to this question will help you put decisions, especially financial ones, in alignment with what is important to you. Go back and check your spending plan, are you spending your money in a way that's important to you? If not, what changes can you make to refocus your spending toward your goal?

You may find that you are working too hard to spend money on things that aren't actually important to you or your goals, meaning small changes to your spending could allow you to work less, spend more time with family, or maybe apply for a different job that provides more flexibility.

Invest in your earnings potential

It's not rocket science, but if you can earn more, then you have more freedom with your finances – you can save more, spend more, or work less hours whilst still maintaining your current lifestyle. This is where knowing what you need and why is so beneficial. Invest time in improving yourself – doing that extra training, learning those extra skills or setting up your own business. If you can bring in more money, you may reach your goals even quicker than you initially expected.

**Switch off!**

Whatever you are doing, make sure you are fully present when doing it. Switch off your phone if you're with family. Try not to check your work emails when you're on holiday. Find time away from it all for yourself. Don't worry about things that you can't control. If you are worried about something, ask yourself – does this really matter, and can I do anything about it? If the answer is no, then stop focusing on it. Instead, focus your energy on things you can influence, or just spend that time being present with the people you are with. If you can be clear on your reason for wanting better financial and personal wellbeing, then you can start focusing on the things you need to do to make it a reality!

\* 2018 Adult Financial Capability Survey

source: <https://healthatworkcentre.org.uk/5-tips-to-help-improve-your-financial-wellbeing/>