



Your financial wellbeing health check

A 5-step guide to help you take control of
your finances

Introduction

Financial wellbeing refers to a state of overall financial health and security to feel confident, in control of your finances, and able to meet your financial goals.

It is a key pillar to living a fulfilling and balanced life. It goes beyond monetary wealth and holistically looks at aspects of physical health, mental wellbeing, family stability, and overall life satisfaction. Prioritising your financial wellbeing is an investment in your present and future happiness and resilience.

Our financial wellbeing health check covers the following five steps:

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Step 1

Understanding where you are now



Click [here](#) to understand why Financial Advisor, Lloyd Magee, thinks this is important.

We live in a cashless society where online shopping and contactless payment methods are making it much harder to keep track of your spending.

The first step in any financial review is to understand your current spending habits.

Tip 1: Get to know your bank accounts.

The first thing you need to do is look at the bank accounts you already have and the purpose they serve. For example:

- Natwest current account - everyday spending
- Nationwide ISA - savings account

We wanted to make this as easy as possible for you, so download our [Financial Health Check spreadsheet](#) and look at tab 1 to get started.

UNDERSTANDING WHERE YOU ARE NOW

Tip 2: Understand your current spending by categorising your monthly expenses.

Using your bank statements or online banking account, identify the total money coming into your accounts and the money going out. You'll then need to segment the money going out into fixed and variable expenses.

- **Fixed expenses** refer to the costs that do not change each month, this could include your rent payment and insurance.
- **Variable expenses** can fluctuate monthly, like groceries or healthcare costs.

Take a look at tab 2 of our [Financial Health Check spreadsheet](#) where you will find a monthly budget tracker template to complete!

If you want to take this one step further, you can then break down your expenses into categories (like the ones listed in the orange section of tab 2) to understand where most of your money goes each month. This might help you identify potential savings in step 3!

Note: Some banking apps (such as [Monzo](#), [Emma](#), [Money Dashboard](#), [Plum](#) and more) allow you to segment your spending, so be sure to check yours before creating a spreadsheet.



UNDERSTANDING WHERE YOU ARE NOW

Tip 3: Document your assets, liabilities and pensions.

To understand your financial situation, you should document your assets, liabilities and pensions. Take a look at tab 3 of our [Financial Health Check spreadsheet](#) to get started.

Assets

An asset is a resource with economic value that you own. This may include premium bonds, savings accounts, stocks and shares.

Pensions

Future you will thank you for saving into a pension! It is important to document what pension schemes you have and how to access them. For more information on pensions, there is a handy guide [here](#).

Note: Always remember to update your home address on any pension schemes you belong to when you move to ensure you receive future correspondence!

Liabilities

A liability is something you owe, such as a mortgage, credit card, buy-now-pay-later schemes (such as Klarna or Clearpay) or any debt you may have.

When it comes to your liabilities, make sure you take note of the repayment information, including the time period you have left to repay, the number of payments outstanding, the interest charged (if applicable) and the payment amounts.



UNDERSTANDING WHERE YOU ARE NOW

Tip 4: Identify your disposable income.

After you have completed the steps above, you should have a better understanding of your current financial situation and whether you have any disposable income each month.

Disposable income is the amount of money you have to spend or save after you have paid all of your expenses. Understanding what you have left each month will help you in the following steps.

This will be calculated for you in the green section of the [Financial Health Check spreadsheet](#) in tab 2.



Step 2

Setting your financial goals



Click [here](#) to hear more from Lloyd about setting your financial goals

It's important that we set short, medium and long-term goals to ensure our financial wellbeing is moving in the right direction.

There are no fixed definitions for short, medium and long-term goals but here are some examples to help you out:

Short-term goal

Saving for a holiday, car or seasonal spending such as Christmas presents.

Medium-term goal

Saving for a deposit to buy a property or saving for your children's education.

Long-term goal

Saving for retirement and paying into a pension.



SETTING YOUR FINANCIAL GOALS

Tip 1: Spend some time setting your short, medium and long-term goals.

Take a look at tab 4 of our [Financial Health Check spreadsheet](#) to start brainstorming ideas. It is a good idea to decipher what short, medium and long-term time scales look like for you before doing so.

When setting each goal, think about the measure and ideal time frame to get there.

For example:

Goal: To save for a holiday.

Measure: £1200

Time frame: 12 months



Tip 2: Based on your budgeting from the previous session, look at how much you can realistically afford to put towards each goal.

You may not currently have enough disposable budget to contribute towards every goal so you will need to prioritise your goals based on what is most important to you. Put a star next to the most important goals on your spreadsheet, or colour code them so that they stand out.

SETTING YOUR FINANCIAL GOALS

Tip 3: Set an action plan to stay on track

Using the previous example, if you need to save £1200 for a holiday in 12 months, your action plan might be to save £100 per month.

Breaking your goals down into smaller touchpoints makes them more realistic and also allows you to monitor progress over time to ensure you are on track.

Note: If you get paid monthly, consider setting up a standing order to a savings account each month to transfer your money out of your current account.



Tip 4: Review! Inevitably your finances will change over time. So periodically, sit down, review your goals and tweak them if necessary.

If there is anything we have learnt over the last few years or so it's that unexpected events can happen, so you must set reminders to review your finances and financial goals periodically. You might decide to do this monthly, quarterly or yearly depending on your goals and current situation.

We recommend scheduling these reviews in your diary now so that you don't forget!

Step 3

Making your money go further



Hear more from Lloyd on this topic, [here](#)

Now we have tracked our spending and set our goals, we must make sure we are being efficient with the money we have. Looking at your budget tracker from step 1, is there anything you can do to make your money go further?

Tip 1: Can you cut any expenses?

Did you notice any categories in step 1 that totalled a particularly high expense? The first way to make your money go further, is to cancel or reduce any unnecessary expenses. It might be that you realised you purchase 5 coffees a month, which in total could save you a decent sum of money if you took a flask to work. Or your personal care expenses could be cut by extending the time between hair cuts!

It may be that you do not have any expenses that you can cut, in which case the following tips might help...

MAKING YOUR MONEY GO FURTHER

Tip 2: Shop around and compare prices for any fixed expenditure you have.

Utilities

Set time aside to check what your current deal is and use comparison websites to see if you can switch providers to make savings.

[Here](#) is some useful information on how to switch, which includes a list of Ofgem-accredited comparison websites that you could use.

Insurances

Don't just auto-renew! Whether it is house, car, pet or some other insurance; always shop around before allowing your current policy to auto-renew.

By understanding when your renewals occur, you can diarise time to review your options. Use tab 5 of our [Financial Health Check spreadsheet](#) to make sure you never miss a renewal again!

Note: It may feel like you are only making small savings but they will soon add up.

Tip 3: When purchasing anything, look at the payment options.

If you can pay the entire amount upfront rather than monthly, you may find you save extra money. But if you are not in a position to do this, perhaps it can be one of your goals to work towards.

MAKING YOUR MONEY GO FURTHER

Tip 4: Make sure you don't have double cover.

You may find that you have additional perks through services like your bank that you weren't aware of. An example could be that you have gadget insurance through your bank, so make sure you don't also have standalone mobile phone insurance.

Note: This will usually be a perk if you have a package bank account for which you pay a monthly fee. More information on packaged accounts can be found [here](#).

Tip 5: Check your direct debits and standing orders.

When you reviewed your accounts, you should have spotted any regular payments coming from your accounts. You want to check your direct debits and standing orders to make sure they are all still valid and you are still using the service.

Note: Often we sign up for free trials where they take card or bank information upfront, but we forget to cancel. You may be paying monthly for a service that you are not using.

MAKING YOUR MONEY GO FURTHER

Tip 6: Explore additional ways to save money!

- Prioritise your bills. For extra support managing your bills, you can find it [here](#)
- Check if you're eligible for a council tax discount [here](#)
- Learn how to spot a scam and avoid them [here](#)
- Look into government schemes, such as tax relief and benefits to ensure you are getting what you are entitled to
- Download a money-saving app to track your spending, such as Emma
- Batch cook food for the week and utilise a flask to avoid purchasing hot drinks when out and about
- Switch off unused sockets in the house, such as a TV on standby
- Turn off radiators in unused rooms of the house
- Upscale old clothes instead of purchasing new ones
- Turn your central heating down by one degree
- Draw curtains and blinds to minimise heat loss
- Take showers instead of baths
- Sell unused items on places such as Facebook Marketplace, Vinted, eBay and Depop

MAKING YOUR MONEY GO FURTHER

- Write a shopping list before doing a food shop, this way you're able to buy only the things you need (and means there is less food waste)
- Use the 72-hour rule before spending on something you don't really need, but want. If you're still thinking about it after 72 hours, then you can consider buying it
- Say no to one social event per month and calculate how much you've managed to save over 3 months
- Socialise for free! Some ideas might include going for a walk, inviting them to your place or working out together
- Utilise points cards and search for discounts and vouchers when shopping
- Get creative with gifts
- Look into car sharing or public transport where possible
- Enjoy community events
- Stock up on household supplies during sales or utilise bulk-buy savings
- Look to buy home brands instead of named brands
- Maintain your house and car to reduce emergency maintenance costs
- Use energy-efficient light bulbs
- Pick off-peak dates and times where possible for travel, events and hobbies to take advantage of the lower fees

Step 4

Managing your debt



To learn more about debt management, hear from Lloyd [here](#)

We must keep on top of our debt. If not managed correctly, it can cause stress, sleep deprivation and harm our mental health. So, it is vital that we are open and honest when it comes to debt.

Tip 1: Don't shy away from debt.

There are options out there and it is important that you talk about it with either a professional or your friends and family. There is extra support on debt management on page 18 of this guide.

Tip 2: Prioritise paying off the higher interest-bearing debt.

If you have any excess budget or if part of your goal is to reduce your debt, then make sure you are paying off the debt that is costing you the most first.

Step 5

Maximising your savings



To hear from Lloyd on why savings are important, click [here](#)

Tip 1: Make sure you have a designated savings account.

By doing so, you minimise the risk of you dipping into your savings funds to cover daily expenses. Instead, it encourages you to stick within your day-to-day budget while keeping your savings safe from temptation!

Tip 2: Shop around to get the best returns on your savings.

Make sure you compare current offers before opening a savings account and don't be afraid to switch if your current savings account allows it. Useful information on current offers can be found [here](#).

Note: You do not always need a current account with a bank to open a savings account.

MAXIMISING YOUR SAVINGS

Tip 3: Utilise traditional tax-efficient vehicles such as ISAs.

There are many different types of ISA such as cash, stocks and shares, lifetime and more. To find out about the different types of ISAs, which is best for you and how to apply, you can find lots of useful information [here](#).

Note: One of the great benefits of an ISA is that any money you withdraw will be income and capital gains tax-free.

Tip 4: Look into other types of vehicles you can put money into.

This could be investing in property, stocks and shares or a private pension. When it comes to these types of investments, there is an element of risk and it is always advised that you seek professional advice before investing.



If you need more support...

If you are struggling to make sense of your finances and it is getting on top of you, then reach out to one of the below organisations for guidance and assistance. There are several charities and helplines that can help, such as:



Online free advice to help you find a way forward.

0800 144 8848

citizensadvice.org.uk



A debt counselling charity.

stepchange.org



To help you manage your money and financial wellbeing.

hello@themoneycharity.org.uk

themoneycharity.org.uk



Free impartial advice.

0330 021 7489 (Free Phone)

moneyadviceservice.org.uk/en



To help with debt.

0808 808 4000

www.nationaldebtline.co.uk



Debt advice.

debtsupporttrust.org.uk