Financial detox

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Please remember:

• This is information only and not personal financial advice. If you require financial advice you should seek this from an authorised financial adviser.
• This presentation is based on our current understanding of legislation, taxation and HMRC practice which may change in the future.
• Past performance is no guarantee of future performance.
• The value of investments may go down as well as up and cannot be guaranteed.
• You may not get back the amount originally invested.
• The effects of inflation will reduce the future spending power of money.
1. Wellbeing and financial health
2. Budgeting and cash flow
3. Financial detox!
4. Next steps
5. Any questions?
Wellbeing and financial health
Taking a holistic approach to wellbeing

Financial health

Mental health

Physical health

Social health
The four pillars of financial wellbeing*

<table>
<thead>
<tr>
<th>Present</th>
<th>Future</th>
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<tbody>
<tr>
<td><strong>Freedom</strong></td>
<td><strong>Freedom to make choices in life</strong></td>
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<td>Control over the day-to-day</td>
<td>Ability to understand financial options and make well informed decisions.</td>
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<td>Not overspending income. Debt and expenses are manageable.</td>
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<td><strong>Security</strong></td>
<td><strong>On track for the future</strong></td>
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<td>Prepared for the unexpected</td>
<td>Having a plan for the future and being able to measure progress towards it.</td>
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<tr>
<td>Having the capacity to absorb a financial shock.</td>
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*As defined by the Consumer Financial Protection Bureau (CFPB) in the US
Budgeting and cash flow
Budgeting

Income

- Car/transport costs
- Childcare costs
- Clothes & toiletries
- Food
- Household bills
- Rent
- Mortgage repayments

Aim to spend less each month?

Gain control, keep control

Money Advice Service budgeting tool
Having visibility puts you in greater control!

At the moment it looks like you've got more going out than coming in.

Find a method that works for you!
Reducing your outgoings
Stash your cash

Income

Main bank account

Bills account

Savings account
Security

Emergency funds:
• Protect against financial shocks
• Aim for 3-6 months expenses in an easy access cash account
• If you struggle to save, apps like moneybox can help you save automatically

Protection and Income Protection:
• Insure against bigger financial shocks
  – Life insurance
  – Critical illness
  – Income protection
Financial detox!
Maximising your income

Whilst salary is most people’s main income source, there are ways to boost your income without earning more:

• Is your tax code correct? (1257L)
• Are you claiming tax relief where eligible?
• Can you make use of the marriage allowance?
• Are you entitled to any State Benefits?
• Your assets may generate income too

Making the most of your cash

- **Earn up to £200** by switching your current account
- Could you earn more interest on your saving?
- Government help available for low income savers, and first time house buyers

- Cash savings are protected by the FSCS (up to certain limits)
- If interest is likely to exceed the Personal Savings Allowance, a Cash ISA may save you tax.
Property

Your home could generate income:

• **Rent-a-room scheme** offers tax free rental income.
• Could you rent out a parking space, storage space, camping space?
• Animal lovers could get paid to look after someone else’s pets

Mortgage or rent payments represent most peoples’ largest monthly expense:

• Could you pay less rent? [50 tips for renters](#)
• When did you last review your mortgage? Is there a better deal out there?
Less-than-prized possessions

- Old phones, laptops & other tech + CDs, DVDs & books can all be easily sold
- ‘Cash in the attic’
- Do you love it? If not chuck sell it!
Cost of living government help

• Council tax rebates
• Energy bills support scheme
• Energy prices have been capped until March 2023
• Cost of Living Payment

https://helpforhouseholds.campaign.gov.uk/
Debt repayments

Being in debt can be expensive, as debts must be serviced – by paying interest

• Consider [good vs bad debt](#)
• Get a free [credit score check](#)
• There are [many ways](#) to improve low scores
• Clearing bad debts could save you lots in interest, and so should be a top priority
• You could reduce credit card interest by doing a 0% [balance transfer](#)
• If you’re struggling with debt, speak with a debt charity like Step Change

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[Image: A woman with her hands clasped, possibly indicating concern or contemplation.]
Being smart with debt

If you have lots of debts, you can use these methods to pay them all off:

Avalanche vs Snowball
Avalanche

Pay off debts with the highest interest first.
Order your debts from highest to lowest interest, and pay only the minimum payments on others.
This is the cheaper option for the long term, as you pay less interest overall if you pay off highest interest debts first.
This is also quicker as when you don’t pay off high interest debts, they continue to accrue and compound interest, increasing faster than lower interest debts would in the same amount of time.
**Snowball**

Pay off *smaller* debts first, for quick wins

Provides momentum and motivation

- Smallest amount owed
- Largest amount owed
- Creditor
- Interest rate charged
- Pay as much as you can afford until cleared
- Pay minimum monthly payment required
Food

- Do you set a food budget?
- Where & when do you shop?
- Compare prices, try the downshift challenge
- Do you have loyalty cards? Keep tidy with Stocard. Use coupons
- Reduce takeaway spend
- Grow your own!
Housing costs

- Could you save by installing a water meter?
- Home insurance: Do not auto-renew. Do you need add-ons? Don’t over cover.
- Council tax: Check your band
- Home phone, broadband & TV services: Are these all must haves? Are there better deals?
Other must haves

• **Mobile phone:**
  – Always renegotiate, don’t just accept upgrade!
  – Consider handset upfront and SIM only contract
  – Save with a refurbished handset

• **Child care:**
  – Claim [state benefits](#) if eligible
  – [Tax free child care](#)
Some other quick wins

• Car insurance (Start looking for quotes 20-25 days before renewal date)
• Consider your other regular subscriptions?
• Cash back credit card? (beware risks)
• Cash back websites & discount codes?
Next steps?
Budget

Understand your assets (and liabilities)

Maximise your income

Minimise your expenditure

Make your money work for you
Further help

Money Helper:
https://www.moneyhelper.org.uk/en

More money saving tips:
https://www.moneysavingexpert.com/

Help with debt:
https://www.stepchange.org/about-us.aspx

Help for households:
https://helpforhouseholds.campaign.gov.uk
Any questions?