



Financial Foundations

Changes and Choices workshop

How you feel about money can affect the way you spend or save it. Financial wellbeing is about feeling in control and making good choices around money, learning how to manage yours and being prepared for the unexpected. Setting goals can also help you feel positive about your future.



NatWest

TOMORROW BEGINS TODAY

Understanding your **relationship** with money

Everyone has a different approach to money, from bargain-hunters to splashy spenders. The key is understanding your relationship with money, and what that means for your future.

Finances can have a huge impact on our mood. We tend to feel happier on payday or when we feel able to treat ourselves, but can become stressed or even irritable at the end of the month when things get a bit tighter.

Sometimes, our money worries can feel overwhelming. With the right support though, no financial problems are unsolvable.

It's important to take some time to understand your own attitude to money, how you spend it, and how this affects your finances. Being aware of this can be really powerful in helping you achieve your goals.



For more insight into your attitude to money and how it affects your wellbeing, visit:

What does your attitude to money say about you? – [Interactive test from the BBC](#)

The link between [money and mental health](#) from Mind



Setting financial goals



Setting and meeting money goals can improve your financial wellbeing and help get you to a position where you feel in control of your future – meaning you can focus on the important things in life.

It's important to set clear and achievable goals that are personal to you.

Consider the life moments you might want to save up for:

- Going on holiday
- Your first car (or dream car)
- University
- Buying your first home
- Getting married
- Becoming a parent
- Later life

Developing a regular savings habit can help you reach your financial goals and make you feel more confident about your future, as well as your ability to pay for unexpected expenses.

Savings strategies might include:

- Creating a monthly budget to plan your expenses, including any savings goals.
- Finding ways to cut your spending by using energy-saving tips to reduce your bills, shopping around for alternative service providers and reviewing your direct debits regularly.
- Using an app to save spare change as you spend. Lots of banks offer you the option to round up the payments on your debit card to the nearest pound and send the spare change to your savings.
- Setting up a standing order to put money into your savings account on pay day.
- Using savings buckets to separate your money into different pots, e.g. you might have a pot for short-term goals like gifts, one for long-term goals such as your first home, and another for unexpected costs like car maintenance.



Setting financial goals

Understanding the different types of saving accounts available can also help you along the way.

These include:

- **Easy-access accounts**, which allow you to withdraw your money at short notice.
- **Regular savings accounts**, where you commit to depositing a certain amount each month. In return, banks give you a higher interest rate than you'd get with a current account or ordinary savings accounts.
- **Fixed-rate accounts**, where you can't access the money for a set period of time but may receive better interest rates as a result.
- **ISAs (Individual Savings Accounts)**, which offer tax-free interest payments – meaning that you could get more for your money.

If you're looking to grow your money over the long term – usually five years or more – investing might offer better returns and protect your money's value against inflation. However, investing also carries a risk, so it's important to do your homework.



Planning for later life

Pensions are a vital part of planning for retirement. They help grow your money, enable tax-efficient savings, and contribute to a fulfilling life in the future.

When planning for retirement, you should consider:

- when you want to retire
- the lifestyle you desire
- the income you'll need

This information will help you determine how much you have to save.

Types of pensions to understand:

State pension

A government payment at retirement age based on your National Insurance contributions. It's a basic safety net for your retirement income. You can check your state-pension age or estimate your state pension using the government's online tools at

[gov.uk/state-pension-age](https://www.gov.uk/state-pension-age)

[gov.uk/check-state-pension](https://www.gov.uk/check-state-pension)

Workplace pension

You and your employer contribute a percentage of your salary, with tax relief provided by the government.

This will provide income, over and above any state pension you receive, which you can take when you go into retirement

The most common type of Workplace pensions is a Defined benefit pension. In a defined contribution pension scheme, your pension pot is put into various types of investment, such as shares (shares are a stake in a company). It is expected to grow over time.

A pension calculator can help you assess your future income and determine any income gaps. The Retirement Living Standards from the Pensions and Lifetime Savings Association can also help you plan for the lifestyle you want in retirement.

Find out more at

[retirementlivingstandards.org.uk](https://www.retirementlivingstandards.org.uk).

To find a pension calculator and more information on pensions, visit the government-backed MoneyHelper website.

Remember, it's never too late to start saving for retirement. Even small contributions can make a big difference.

	Single	Couple
Minimum	£14,400 (London £15,700)	£22,400 (London £15,700)
Moderate	£31,300 (London £32,800)	£43,100 (London £44,900)
Comfortable	£43,100 (London £45,000)	£59,000 (London £61,200)



Planning for the unexpected

Your financial wellbeing also depends on your ability to respond to unexpected costs.

Unexpected things such as boiler breakdowns, car repairs or periods of unemployment can happen to anyone. It is crucial to anticipate these situations and be financially prepared.

Building a rainy-day fund

A rainy-day fund is a savings pot that gives you a financial buffer to handle unexpected expenses, meaning you don't have to take out an unplanned loan or go into debt. It is recommended you have at least three months' worth of living expenses saved in an emergency fund – ideally, up to six months.

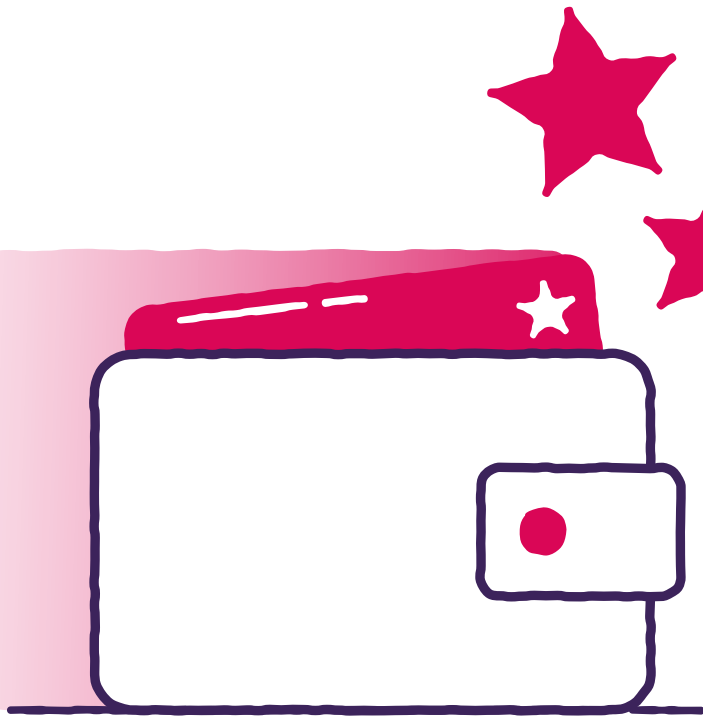
The value of insurance

Insurance can also be a powerful tool. The right policy could, for example, provide you with a payout should you find yourself unable to work or with a long-term illness.

There are different types of insurance, such as:

- **Insurance for unexpected events:** This type of insurance provides financial protection in case of unforeseen events, e.g. boiler-breakdown insurance, mobile-phone insurance, home emergency cover, etc.
- **Income protection:** A well-chosen insurance policy can offer a safety net in situations where you are unable to work due to illness or disability. It can provide a payout to replace lost income and help cover essential expenses.
- **Long-term illness coverage:** Insurance policies can also offer coverage for long-term illnesses, providing financial support to cover medical expenses, ongoing treatments and daily living costs.





Dealing with debt

Debt can sometimes be scary and feel overwhelming - but there is help out there if you're struggling.

No matter your age or your circumstances, practical and emotional help is available.

Where to find help

If you find yourself in debt or struggling with repayments, remember that you do not have to pay for debt advice.

Some great places to start include:

- Your bank or lender – all banks have teams that will help you to make a manageable plan
- A debt-advice charity such as [Citizens Advice](#), [StepChange](#), [PayPlan](#) or the [National Debtline](#)



Saving vs. paying **off debts**

If you have loans or credit cards but little in savings, it can be tough to decide if you should pay off the debts or save the extra cash. A good place to start is to review your finances and consider:

- How much debt you have, what you owe and the interest you're required to pay.
- What you currently have saved in case of an emergency.
- How much you can afford to set aside each week/month for either saving or debt repayment. In order to understand this, begin by looking at all of your incomings and outgoings and see what you have left over at the end of each month.

When to prioritise debt

If you have credit cards and loans, you're likely paying more in interest than you'd earn in savings. So it might be beneficial to focus on paying off your debts first. If you owe multiple debts, it's generally better to pay off the ones with the highest interest rates first.

When to prioritise saving

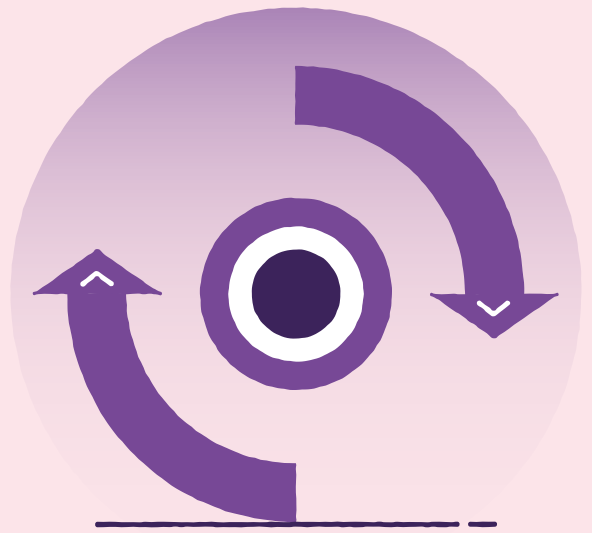
It's important to have money set aside for unexpected situations such as home repairs or redundancy. If you have debt but no savings, it's good to start building a small emergency fund. Just ensure you can still make the minimum debt payments while saving.

Some other steps to get you out of a debt spiral include:

- **Do a debt audit:** List out your debts, add up how much you owe and make a note of the interest rate for each debt.
- **Prioritise your debts:** Understand which debts you need to tackle first. Some bills are higher priority, as the consequences of not paying can be serious. You can find more tips on the MoneyHelper website.
- **Create a detailed and realistic budget:** To take control of your finances, it's important to put together a budget so you can decrease spending, avoid impulse buys and start to reduce debt where possible.



Further resources



NatWest has tools to help customers with everything from managing money and completing financial health checks to saving spare change with Round Ups.

We also have guides on working out your salary, better budgeting and smarter savings.

Visit our website for more [support with managing your money](#).

[Insights, tips and tools](#) – NatWest customers can explore the Insights area of our app to find ways to spend less and save more. You can also discover new ideas and tools to boost your financial wellbeing. Eligibility criteria may apply.

You could also use this [benefits calculator tool](#) to see if you're eligible for any additional support.

[MoneyHelper](#) is a free, government-approved online service that provides advice on everything from everyday money and savings to benefits, work and retirement.

[Mind](#) offers tips on managing your money and improving your mental health.

If you need to talk to someone urgently, whatever you're going through, you can:

- call [Samaritans](#) on 116 123 (UK-wide)
- text [SHOUT](#) to 85258 (UK-wide)
- call [C.A.L.L.](#) on 0800 132 737 (Wales only)

