

# How to Achieve Financial Wellness

Financial wellness creates a situation where people control their short and long-term finances, can cope with financial contingencies without affecting their financial goals and are free to make daily choices that allow them to enjoy life fully.



Financial wellness is much like physical health. When one achieves physical fitness and has a program to sustain it, daily health is all but guaranteed. Likewise, one is not concerned about finances when one is financially well. But, to achieve either of these, you must have a financial strategy.

Here are suggested steps that will pave the way to financial wellness:

## Budgeting for financial wellness

The best way to focus the mind on the reality of one's financial situation is to budget. A simple budget will include income, expenses, and savings. Ideally, you will have money left after expenses. Savings are imperative to plan for financial wellness.

A shortfall should never be covered using a credit card. Instead, adjust your expenses; if unavoidable, use savings and top them up as soon as possible.

Several banking applications are designed to assist individuals in budgeting, monitoring, and adjusting spending.

## Setting financial goals

Whether you set financial goals before budgeting or the other way around is up for debate. A nineteen-year-old will have a very different perspective on life than a thirty-year-old.

Regardless, making a list of short, medium, and long-term goals is wise. Reviewing goals along the way is a necessity. Financial plans help to keep individuals focused.

## Watch your spending

Constantly reviewing your purchases is good practice for maintaining budget alignment. One's income, expenses, and savings are usually predictable, as is disposable income. Spontaneous spending is fun as long as it is within budget and does not compromise your long-term strategy.

Banking applications can send alert texts or emails whenever an account is accessed. This is useful from a security perspective and enhances your awareness of financial decisions.

## Save without thinking

By viewing savings as expenses, there is no danger of your saving priority being forgotten or overlooked. An automatic transfer into a separate account will keep your savings safe from unplanned spending.

## Grow your savings

Saving for a 'rainy day' is a critical step towards financial wellness. Emergencies are unpredictably inevitable, so keeping three months' worth of income aside is a good idea—just in case.

## Set up a contingency fund

Following on from the above, setting up a contingency fund in a separate savings account is an excellent way to keep the funds separate. This fund should be independent of the day-to-day account in use.

## Keep up-to-date financial records

Devising a system for keeping financial records assists with tracking your financial situation. Secure storage and easy access to receipts, invoices, proof of payments, bank statements, and documentation relevant to income and outgoings is essential. Choose an app like [Quickbooks](#); in this digital age, keeping a ring binder and paper receipts is unnecessary.



## Plan for big-ticket spend

It is a great idea to make a list of big-ticket items that require planning. It might be an around-the-world trip, a new car, a new fridge, or a washing machine. Accumulating savings for these items separately from regular savings helps keep up the motivation.

Some online banks offer a facility for [creating saving pots](#) that you can limit or seal so you can't access them within a certain timeframe.

## Start saving for retirement

Retirement needs to be [planned](#) for. The earlier, the better. A good habit is to budget pension contributions as a monthly expense. Automating retirement savings as early as possible improves the possibility of an uninterrupted income stream on retirement. Take advantage of

employer-driven workplace pensions. They are a great way to start saving for retirement. Starting an independent pension fund for the self-employed is wise.

## Consider credit carefully

Financial wellness hinges on planning and balancing liquidity and using credit with intelligence. Credit and its use are a double-edged sword. On the one hand, healthy use of a credit card can enhance one's credit score, contributing to one's financial well-being.

On the other hand, overuse or abuse may lead to financial problems. It is a priority to settle all credit card debts before allocating funds to savings. Credit card debt is expensive. It is wise to get into the habit of checking your [credit rating score](#) annually. Your credit rating check is usually free and will give you an idea of your ability to borrow money or get a mortgage.

## Cash is king

Using cash rather than credit promotes financial wellness. Purchasing with money helps an individual stick to a budget. Sociologically, when you pay for things with actual money, you will be much more likely to be careful and not waste your hard-earned cash on things with little value.

Since the pandemic, many organizations do not accept cash, so be prepared for this and take both cash and cards out with you.



## Increase savings

Instead of upgrading one's lifestyle after a promotion or a windfall, invest the funds. Increasing savings or investments along the way will have positive repercussions on one's long-term financial wellness.

## If in doubt, seek advice

An individual is never too young to receive financial advice, and no degree of wealth is reserved for obtaining financial advice.

It is wise to start educating your children about all of the above, regardless of age. Discussions about financial wellness are appropriate as soon as a young adult is earning a regular income.

For a one-to-one discussion about the future of your financial wellness, call xxxxxxxxx or visit [www](#)