

FINANCIAL WELLBEING

How small changes can boost your bank balance, health, and productivity

Employee Guide

Bippit

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01 Introduction

Recent years have seen the UK face an array of unique challenges, which it will continue to deal with for years to come. Both Covid19 and Brexit have already had a tremendous social impact across the country, but the greatest economic challenges of these disruptions may unfortunately still be ahead of us.

Whilst the News reports may speculate on GDP, employment figures, and interest rates, the questions most of us have are: am I going to be alright? Will I still be able to pay my mortgage? Should I be cutting back on the things I like? Will I ever be able to retire? Indeed, money represents the greatest source of worry we have, as we want to feel secure and free to live happy, fulfilling lives.

We want to feel content with our day-to-day spending, but also feel prepared and optimistic for the future.

This concept of feeling both secure and free, now and in the future, is what we refer to as **financial wellbeing**. Regardless of earnings and money in the bank, it is something we all experience, and something we often undervalue. But, by making a series of small changes, outlined in this guide, you can increase your financial wellbeing substantially.



02 The cost of poor financial wellbeing

It is easy for us to think of our finances as just one aspect of life. However, when our financial wellbeing suffers, it can have a knock-on effect on several key areas.

MENTAL HEALTH

Poor financial wellbeing can often lead to conditions such as anxiety and depression which spill over into all facets of life. A 2018 report showed that **half** of those with poor financial wellbeing develop at least one mental health issue.

PHYSICAL HEALTH

The mental health conditions most commonly associated with poor financial wellbeing can also come with a number of physical symptoms, including insomnia, panic attacks, headaches, and digestive problems from acute stress.





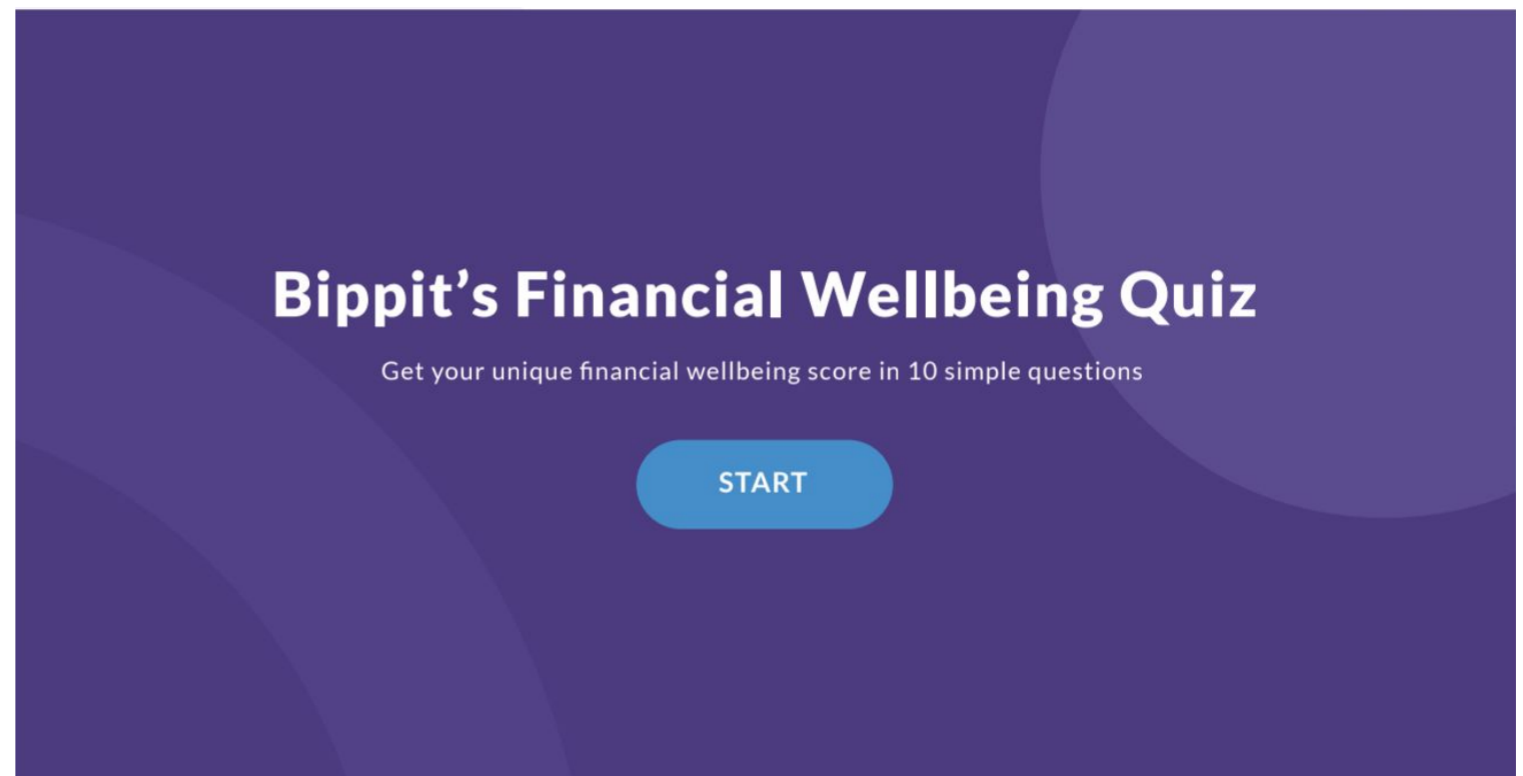
CAREER

If both your mental and physical health are affected, it's almost impossible to avoid that impacting your work. As well as your quality of work falling, your required time off is likely to increase, which in some less progressive environments can stunt your prospects and weaken your relationship with your colleagues. A recent study by Deloitte showed that employees with financial concerns are often half as productive as those without.

Poor financial wellbeing can have a far greater impact on our lives than we anticipate, but this path is by no means destined. By putting a greater emphasis on caring for our financial wellbeing, we can significantly reduce the possibility of these unwanted situations.

03 Get your free financial wellbeing score

The first step in taking control of our financial wellbeing is to get a true reflection of where we're currently at. To get you started, take this very simple 10 question quiz by clicking the link below and see how you're doing.



SCORE: 0 – 30

Ok, so you're not exactly nailing your finances right now. **Don't panic, that's the case for a lot of people.** All change begins somewhere, and now could be the time you start considering your financial wellbeing a little more. Besides, we'll be giving you lots of really helpful pointers on the next few pages!

SCORE: 30 – 70

You're clearly giving some thought to your financial wellbeing, but perhaps aren't quite hitting your targets as much as you'd like at the moment. Not to worry, you've got the fundamentals down, you just need a little assistance to take you where you want to be.

SCORE: 70 – 100

Great stuff, you're definitely someone who sees the importance of taking care of their finances. If you're finding that it takes quite a bit of time and effort to keep your money where you want it, we might be able to help you with some useful techniques.

04 Improving your financial wellbeing: how it's done

It's important to remember that financial wellbeing is not about a number in your bank account.

Your next-door neighbour might earn twice the amount you do, but feel worse off. That's because positive financial wellbeing means understanding more about your finances, achieving greater clarity, and creating a plan with realistic goals to feel more in control. For this, there are four stages to consider:

ACHIEVING PRESENT SECURITY

Present Security begins by calculating your 'net worth', which is a term usually associated with millionaires and celebrities, but we all have one. All you have to do is subtract your 'liabilities' (all your necessary outgoings and debts) from your 'assets' (all your incomings and stored value). Confused? Have a look at the table below.

ASSETS	LIABILITIES
Income	Mortgage/rent repayments
Bank balance in savings/current account	Credit card debt
Property value	Student debt
High-value items (car, piano, jewellery etc.)	Outstanding tax
Stocks / Bonds	Utility bills
Pension	The £200 bet that Brexit would be cancelled

Go over your finances for the previous month to do your calculation. As long as your net worth is greater than 0, you are financially secure! If not, and your liabilities exceed your income/assets, you'll need to make some changes. There are a variety of options available, and you may want to start by seeing if switching utility providers could make a difference.

Consolidating debt programmes can help you pay off your debts at a more affordable rate, and you might even want to explore the idea of moving to a cheaper property. Bippit can set you up with an impartial expert to explain all of these options and what to look out for.

ACHIEVING PRESENT FREEDOM

Present Freedom enables you to do the things that you want to do with the money you have available. The first thing you need to do is make a budget. If the word 'budget' makes you think of endless number crunching, don't worry. All you have to remember is the golden rule: 50/30/20.

50% of your monthly income is for Essentials: rent, utilities, food, transport - things you cannot live without. If you're spending slightly over 50% on these things that's ok, but if you're spending considerably over 50%, you might want to consider how you can boost your income or reduce the amount going out.

30% is your fun money. You should never feel guilty about spending money on things that make you happy, as long as you stick to your plan. If you're struggling, make a list of 10 things that you couldn't live without. Anything else, don't waste your money on it!

20% of your monthly income should be to 'pay yourself'. Save for your long term goals, create an emergency fund and pay back any additional debts you may have.

The main issue so many of us have with budgeting is we don't want to spend our free time putting numbers into a spreadsheet. Luckily, apps and services like Bippit allow you to budget with a few taps of your phone.





ACHIEVING FUTURE SECURITY

There will always be uncertainties in the future - that's not something we can ever eliminate. What you can do, however, is prepare in such a way so that you can absorb a financial shock that comes with unforeseen events. This is what we call Future Security.



The first step in achieving future security is to create an emergency fund. This fund should be able to cover 3 - 6 months of essential living costs in case you take a financial hit. As soon as you've paid off any high-interest debts you should start building your fund. Remember, this is what the '20' of the 50/30/20 rule is there for. Don't be put off by the size of the number you're saving towards, once you get into the habit of regular saving you can get there surprisingly quickly.



Secondly, you may want to think about protection products, such as insurance for your home, car, valuables, and even yourself. Insurance gives you peace of mind that should anything happen to you or your assets, their value is covered. Another form of insurance worth investigating is income protection, which ensures a steady flow of money should you fall ill and be unable to work. Too often overlooked, income protection can be immensely helpful for keeping you on your feet.



Finally, you can take steps to making your family financially secure should you unexpectedly pass away. You may wish to purchase a life insurance policy for this, and have certain plans made for your estate. If you set yourself a goal for what you'd like to leave behind, a financial expert can guide you on products that make accessing and retaining your money as easy as possible or your loved ones.

ACHIEVING FUTURE FREEDOM

Future Freedom refers to making sure you're on track to achieve the financial goals you see in your future. You may not have thought that far ahead, and you might feel that you're still a bit young to be thinking about it, but these goals can only come to fruition once you've started planning - so why not make today the day?

Have a think about what you want to achieve by certain points in the future. Here are some common examples, but your future goals can be whatever you like.

Immediate future (1-2 years)

Be on top of day-to-day finances, have debts paid off and an emergency fund built.

Short-term (2-5 years)

Take regular holidays, buy a new car, get a better laptop.

Medium-term (5-10 years)

Put down a house deposit, save for a wedding, put money aside for raising kids.

Long-term (10+)

Have a comfortable, perhaps even early, retirement. Have a sufficient pension income, and funds available to help children with education/business ventures.

When choosing your future goals, run them through the SMART test.

Realistic goals should pass each of the following criteria:

Specific What exactly will you do with S your money?

Measurable How much is the goal M valued at?

Achievable How can your goal be A achieved?
What are the constraints?

Relevant Does your goal motivate R you? Is it something you really want?

Timely When do you want to achieve

Once you have established your goals, start incorporating them into your budget. If you've already built your emergency fund, you can use the '20' in your 50/30/20 rule to contribute solely towards your future.

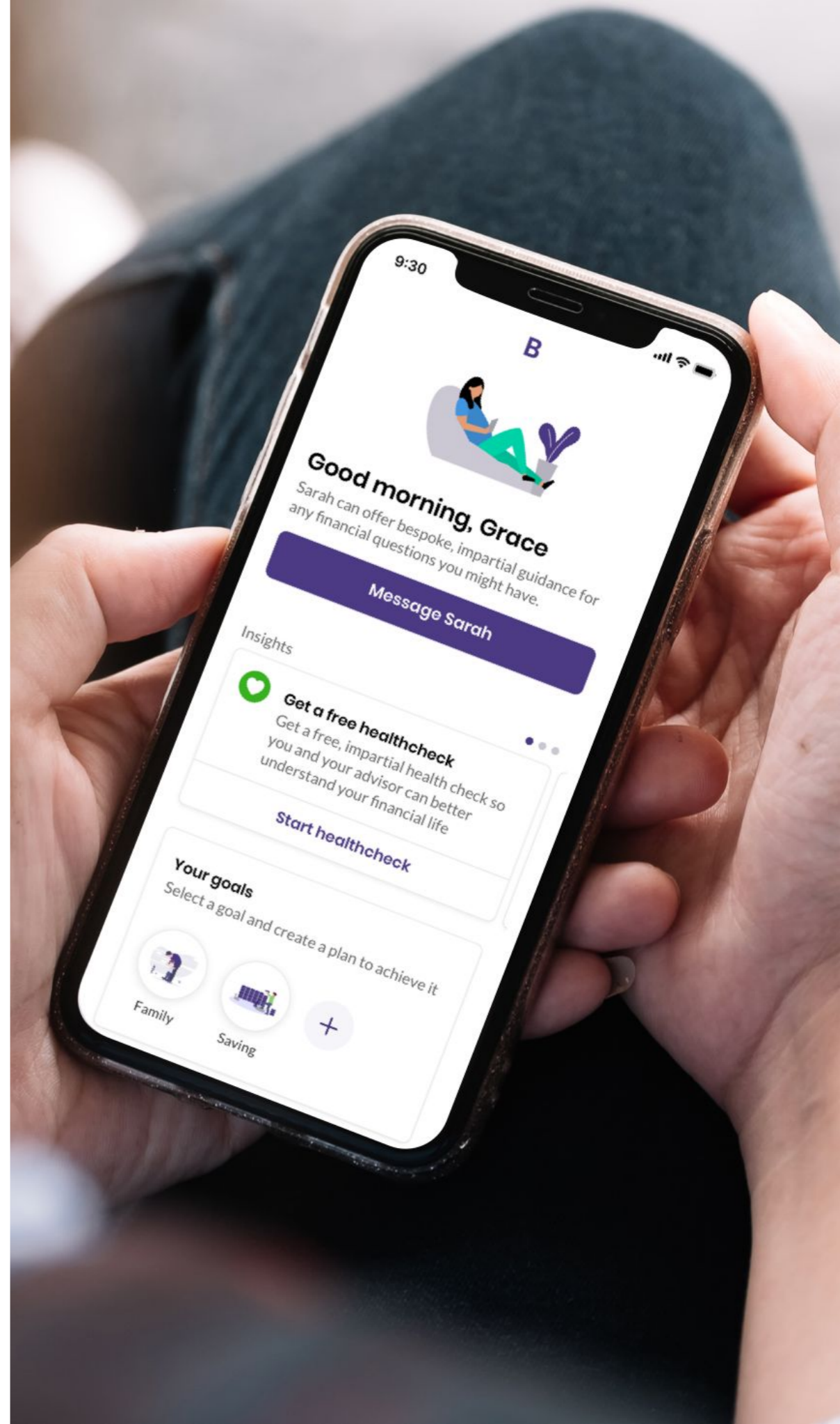
It's a good idea to create separate pots so that you're able to save for different goals simultaneously and keep track of your progress. Whilst the pots fill up, use your time to search for the best products and services to make your goals happen, from private pension schemes to trust funds. In fact, many people underestimate how much money they will need to have a comfortable retirement. Why not try a pension calculator [here](#) to work out how much you should be saving towards your pension.

05 Making it happen with Bippit

The above steps should set you up nicely to improve your financial wellbeing, but Bippit is always on hand to make sure you get to where you want to be

The platform enables you to easily analyse and manage your spending by linking directly to all of your bank accounts. As well as this, it allows you to set goals, both current and future, while actively keeping track of your progress. But what really sets Bippit apart is that it provides you with a dedicated expert to provide you with support and coaching whenever you need it.

Each Bippit user is paired to a financial advisor who can give them the guidance they need to put their plan into action and stick to it. Whether it's achieving Present Security as quickly as possible or making sure you can retire at 55, your advisor will tailor their guidance around what you need. Think of them as a personal trainer for your bank balance, making your money work harder, faster, and smarter.



06 Why do I need financial guidance?



EXPERTISE

Advisors understand things about finance that most of us don't. It's their job to keep up with global trends and updated regulations, meaning they'll always be best placed to offer support. In a recent survey, 90% of those using a financial advisor said they were satisfied with the service they receive, and that's when they were paying huge fees, not getting it for free!



WEALTH

A study by Royal London showed that financial advisors can add up to £48k to your wealth over 10 years. The same study reported that receiving professional financial help can boost your pension wealth by 24%, a figure that doubles when support is given regularly over time!



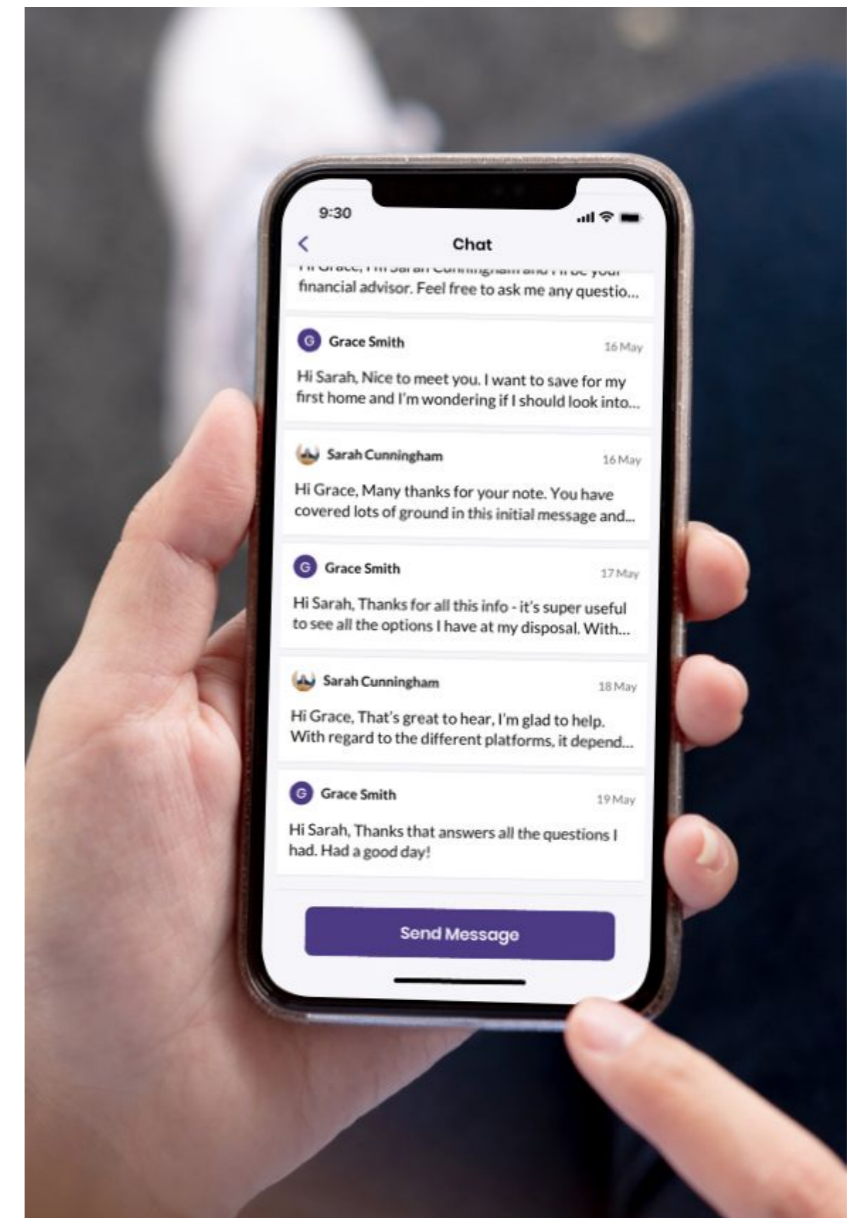
UNBIASED

New financial products and opportunities will no doubt come onto your radar throughout your life. Having access to an impartial financial expert means you don't need to worry about being dazzled by the slickest sales pitch - there will always be someone in your corner checking the maths.



AFFORDABLE

Traditionally, a dedicated financial advisor was only available to the wealthy. Thankfully, with Bippit that's no longer the case. Now everyone can receive expert, personalised support whenever they need it.





07 Conclusion

With increasingly uncertain times ahead, there has never been a more crucial time to start focusing on your financial wellbeing.

By taking a few small steps such as calculating your net worth and setting up a budget, you can avoid the mental and physical health risks that often come with poor financial wellbeing. Creating an emergency fund will give you comfort in the face of unexpected life events and act as a building block for your longer-term goals.

Bippit is committed to making sure your financial wellbeing is supported from the moment you join us and throughout your life. Download the app or register today through your employer and we'll help you get to where you want to be.

ABOUT BIPPIT

We work with you to provide employees with the **best financial care available** that delivers real results.

Partnering with Bippit creates a more open culture in your business where **employees feel more empowered** to take action with their finances - helping to alleviate the stress of managing money.

Bippit is supercharged by technology, and **personalised with dedicated support** from financial experts who are individually matched to the needs of every employee.

It's a meaningful and simple way to deliver effective support and **save your business money**

Get in touch to find out more about Financial Wellness:

Email us on
info@bippit.com

Book a call with us
here

Or visit our Website
www.bippit.com