Get financially FIT in 2025

When it comes to money, most of us could do with toning up our bank accounts or working on the size of our credit card bills. It takes time to see results, but follow our month-by-month plan and your finances will be in much better shape by the time 2026 rolls around...

Words RUTH JACKSON-KIRBY

orget big, dramatic New Year resolutions; you can take control of your finances in 2025, one month at a time. 'Sometimes, people have finances in their minds as a nebulous and anxiety-provoking responsibility they feel they should be attending to – and when they don't, they feel guilty about it. Avoiding something sitting in the "too difficult" box in our mind is essentially a psychological defence,' says Vicky Reynal, financial psychotherapist and author of *Money On Your Mind*. 'However, breaking it down into concrete, actionable and manageable small steps can bring a huge sense of relief. Suddenly, a "too big to handle" topic turns into bite-sized actions we can tackle and feel pride in accomplishing. It's empowering.' So, stop putting your head in the sand and use our money workout plan to take control of your finances in no more than two hours a month...

JANUARY Do a money audit

Start the year by doing an overview of where your finances are, so you can see how much money you have, where it is, how much you owe and what interest you're earning and paying.

YOUR WORKOUT THIS MONTH

Draw up a spreadsheet, write it all out on a piece of paper or go digital (apps such as Moneyhub and Snoop use clever AI tools to help you get an overview of your money). Add in all your income from wages (after tax), investments, rent or a side hustle. Now list any savings you have, including pensions and investments, and any debt, such as credit cards, personal loans and mortgage. Make a note of any interest you're earning or paying. Ask yourself how it feels to see it all written down in black and white. Do you need to clear debt? Or should you focus on boosting your savings? This is a great time to pick a handful of financial goals for 2025 to focus on.



DATE FOR YOUR DIARY

Deadline to file your online tax return and pay your bill.

FEBRUARY

Make a budget

Spend a couple of hours understanding where your money goes each month
- it will pay dividends.

YOUR WORKOUT THIS MONTH

Get to know your numbers. 'Making a budget doesn't need to be forensic or take hours,' says Laura Suter, director of personal finance at AJ Bell. 'Work out what your crucial expenses are. Once you've totalled them all up, you can deduct that amount from the sum of money you have coming in each month. Hopefully, after doing this you should have a clearer picture of what's left for extras and luxuries or what you can save or invest in each month.'

The apps you used in your January money audit (Snoop and Moneyhub) can also bring your bank accounts into one place so you can analyse your spending habits. Meanwhile, HyperJar lets you divide your money across different mini accounts and stops you overspending. When it comes to spending vs saving, a good rule of thumb is 50/30/20 - 50% of income goes on essentials, 30% goes on fun stuff and 20% goes into savings.



DATE FOR YOUR DIARY

New energy price cap announced; use a comparison site (such as comparethemarket.com

or moneysuper market.com) to check if you could save money by moving to a new fixed-rate deal.



MARCH

Spring clean your debts

Making sure you're paying as little interest as possible on your debts is a no-brainer.



YOUR WORKOUT THIS MONTH

Spend an hour researching the cheapest options for any debt. This might mean shifting credit card debt to a 0% balance transfer card and moving expensive overdrafts on to 0% money transfer cards. With 0% balance transfer cards, weigh up the length of the interest-free period with the balance transfer fee. If you don't need the longest deals to clear your debt, the shorter ones usually have lower fees.

Mortgage interest rates have now fallen, so speak to a fee-free mortgage broker at L&C Mortgages or Habito to find out if you can remortgage to a cheaper deal. Consider making overpayments on your mortgage so you can clear debt quicker, but make sure you have a rainy-day fund to fall back on.



DATE FOR YOUR DIARY

Train fares rise, so buy your season ticket before this date!

APRIL

Take a look at your taxes

It's the dawn of a new tax year, so consider how you can reduce your tax bill.

YOUR WORKOUT THIS MONTH

Use gov.uk/check-income-taxcurrent-year to check you're paying the right amount of income tax – you can find your code on your payslip.

If you're married or in a civil partnership, see if you qualify for Marriage Allowance at gov.uk/marriage-allowance

- this can cut your tax bill by £250 a year.

If your earnings are close to the higher or additional rate tax bracket, look for ways to reduce your taxable income. Workplace salary sacrifice schemes allow you to pay for things such as a company car, childcare or

pension contributions before your income tax is calculated, which could be enough to nudge your taxable income down a bracket.

Look at your cash savings to make sure you're not paying tax on them,' says Laura. 'The Personal Savings Allowance means that basic-rate taxpayers can earn £1,000 in savings income before they pay tax on it, while higher-rate taxpayers have a £500 allowance. You can use an ISA to protect your money from tax or transfer it to a spouse if they haven't hit their allowance or pay income tax at a lower rate.'

MAY

Tame your day-to-day spending

It's time to focus on where you might be able to cut back.

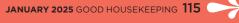
YOUR WORKOUT THIS MONTH

goodhousekeeping.com/uk

One easy way to slash your spending is to check you're getting the best deals on your utilities. Make a list and use comparison sites to find the best deals. 'Staying loyal to your existing provider

doesn't always pay off, so shop around and even if you do stick with your provider, don't automatically renew; negotiate for the best price,' says Ellie Austin-Williams, financial coach and author of *Money Talks*.

Cut the cost of your mobile by switching to a SIM-only deal. Research by Virgin Media found 93% of us didn't realise phone providers can continue charging you for a device you've already paid for – so ditch your contract as soon as you've paid for your handset. Make sure you ask for a Porting Authorisation Code (PAC) from your current provider if you want to keep your number.



JUNE

Get the best deal on your savings

Whether you're just starting out or you've amassed a healthy nest egg, the key to successful saving is to do it regularly and ensure you're getting the best interest rate.

YOUR WORKOUT THIS MONTH

6 'Creating specific pots with labels that motivate you makes you more likely to save,' says Simonne Gnessen, founder of Wise Monkey Financial Coaching. If you struggle to put money aside,

apps such as Chip and Plum will analyse

your spending, work out how much you can save and squirrel it away for you.

o If you have lots of savings pots to keep an eye on, one of the new savings dashboards, such as Raisin UK, Hargreaves Lansdown Active Savings or Flagstone, could give you access to

lots of table-topping savings accounts in one place (for more on savings platforms, see page 108).

DATE FOR YOUR DIARY



The Mortgage Guarantee Scheme, which helps first-time buyers get on the housing

ladder with only a 5% deposit, comes to an end - so apply before this date.

JULY

Spend wisely on holiday

Summer has arrived, so it's time to think about the best ways to spend when you're away.



YOUR WORKOUT THIS MONTH

Before you change your currency, use a comparison site such as MoneySavingExpert's Travel Money Max to find the best exchange rate. Not sure how much money you'll need? TUI's holiday spending calculator can help (tui.co.uk/holidays/budget-calculator).

Lusing a card abroad can add hundreds to your holiday spending, thanks to fees of up to 3%. If you're planning to take a card with you, think about a specific travel card for holiday spending, such as Barclaycard Rewards Card, which has no fees and can earn you 0.25% cashback.

AUGUST

Check your insurance

The cost of insurance has soared in recent years. Car insurance premiums rose by 23% in the last 12 months and home insurance increased by 32%, according to research by Go.Compare. But shopping around can save you up to £500 on car insurance and more than £200 on home policies.

YOUR WORKOUT THIS MONTH

Put a date in your diary for a month before your car insurance runs out. 'Those who purchase a policy on the same day it starts could be paying 55% more than those who purchase 26 days before the policy start date,' says Ceri McMillan from Go.Compare. When it comes to home insurance, avoid overinsuring. Most of us guess when asked to put a value on replacing our contents and go too high. Instead, use an online contents calculator (such

as confused.com/home-insurance/

contents-calculator).

This can also happen with buildings insurance, with people insuring their home for the market value rather than the rebuild value. Find your rebuild value using the Association of British Insurers' online calculator. Don't just focus on cost when choosing a policy. 'It isn't always the case that the most expensive insurance policy offers the best cover.' says Ceri. 'The extent of cover varies between different insurers and

policies, so check the details carefully."

SEPTEMBER Sort your

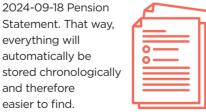
paperwork

Keeping good financial records can help remove some of the stress around money and help you keep track of everything.

YOUR WORKOUT THIS MONTH

First things first: have a clear-out. Ditch your old statements and bills. If it dates back more than six years, you don't need it, as long as you have more recent paperwork if it's an active account.

Secondly, create a filing system. 'Whether you're storing paper copies or keeping everything in the cloud. have clearly labelled individual folders for everything from utilities to investments,' says Simonne. A tip for filing documents on your computer or the cloud is to name each document starting with the date, then the name of the document: so: 2024-09-18 Pension Statement. That wav. everything will automatically be



DATE FOR YOUR DIARY Parents of children aged nine months to three years who meet the criteria can now access 30 hours of free childcare a week

and therefore

easier to find.

OCTOBER

Do some retirement planning

The leaves are turning, the nights are drawing in and it's time to ensure you're prepared for your own winter months.

You've worked hard on your finances, but what will happen when you die?

YOUR WORKOUT THIS MONTH

Data from Hargreaves Lansdown suggests you need around £25,000 a year for a modest retirement or £36,480 combined if you're a couple. 'Checking in on your pension is a great way of making sure you're on track for the retirement you want,' says Helen Morrissey, head of retirement analysis at Hargreaves Lansdown. Use MoneyHelper's free pension calculator for a forecast of the likely pension income you'll get and target retirement

NOVEMBER

Prepare for the worst

If you don't have a will, November

is Will Aid month, when participating

solicitors will draw up your will for free

in return for a donation to charity. 'Don't

forget to include a disaster clause,' says

Kieran Osborne, CEO of estate planning

event of everyone passing away together

firm Squiggle Consult. 'In the unlikely

- you, your spouse, your beneficiaries

(usually the children and their

YOUR WORKOUT THIS MONTH

income to aim for. And don't forget to check your state pension entitlement at gov.uk/check-state-pension.

lf you're looking to boost your contributions, it's good to do so every time you get a new job or pay rise. 'If you weren't used to having the extra money, then you won't miss it if it goes into your pension,' says Helen.

Use the Pension Tracing Service to find any pensions you've lost track of. If you have lots, consider consolidating into one pot, but get advice first.

DECEMBER

Assess your achievements

The quieter days between Christmas and New Year are a great time to reflect on your year and think ahead to 2026.

YOUR WORKOUT THIS MONTH

Set aside time to reflect on your financial goals from the year,' says Ellie Austin-Williams. 'The important thing isn't exactly how much you've saved but the lessons you've learned. Take stock of where you are now and which aspects of your financial life are better than 12 months ago, as well as those you'd still like to improve. By checking in with yourself, you can go into the new year with intention and set yourself up for success.'

Take a look at that spreadsheet you drew up in January. How have your finances changed since then? Have you achieved the goals you set or did you realise your goals were different? What are your financial aims for 2026? □



descendants) - who would you like your assets to go to? Also, think about the what-ifs. What if a beneficiary were to get divorced? What if your husband or wife remarries and their new spouse cuts your children out?' Once your will is written and signed,

keep a copy in a folder marked 'Death',

with, where your savings are and who

along with details of who you bank

your insurance and utilities are with.

The financial lessons you've learned are more important than the exact amount you've saved





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