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Mercer’s Financial Wellbeing guide

Updated: 20 September 2022

IMPORTANT NOTE: This document is intended for general information only. It does not contain investment, financial, legal, tax or any other advice and should not be relied upon for this purpose. It is not tailored to your particular personal and/or financial position. If you require advice based on your specific circumstances, you should contact a professional adviser. In some cases the laws and government responses in England, Scotland, Wales, and Northern Ireland differ; unless specified the information relates to the rules in England.

With the challenges we are all facing with the current cost of living crisis, with inflation and the prices of almost everything going up - from food to energy costs – and all the things that we use and spend our money on, it's never been more important for us all to try and keep on top of our daily spending and find ways to make savings to help manage that as best we can from week to week.

Whilst there is no silver bullet to solve these challenges in the short term, we can all take some actions to try manage as best we can, from taking steps to cut back or save money, through to making sure we are aware of any government supports that we might be eligible for.

This guide has been created by Mercer to help you try to stay on-top of your financial situation, and to provide some useful reference points and information for various aspects of all our financial wellbeing – both around our shorter term financial issues and challenges, and also to help understand our longer term financial health.

Scroll down for further information

7 steps for managing your financial situation

Control over the day to day - Budgeting and managing your money

What to do if you are struggling financially

12 Top tips for reducing unnecessary expenses and saving money

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7 Steps To Managing Your Financial Situation

1. **Create a budget.** Know what income you have coming in, what expenses you will have, and what savings, investments and loans you have.

2. **Understand your current situation.** Which investments (including pensions) are invested in the stock market and which are invested in more cautious areas such as bank deposits and government bonds? When do loans mature? What is your most expensive loan? What flexibility do you have on payments for savings and loans?

3. **Plan ahead**. What is coming up in the next few months? What will the financial implications be?

4. **Check your company benefits** that might help right now. Many companies offer benefits such as discount vouchers, that might help you save money

5. Use our **12 top tips guide** to identify ways to save money and reduce your expenditure without affecting your lifestyle.

6. Take advantage of **free services** such as the **Money and Pension Service**.

7. Keep up to date with **Government updates** on Cost of Living support and what help may be available to you and family members. You can find the latest government information at **Cost of Living Support** – **Make sure you use them**!

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Control Over The Day-To-Day

1. Budgeting: Cash Flow And Current Financial Position
2. Budgeting Worksheet Guide
3. Weekly Food Planner

Having control over the day-to-day is central to our financial wellbeing, so making sure you understand your budget and can plan for expenditure will help you stay in control. Check out our quick guides to budgeting and planning.

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Control Over The Day-To-Day Budgeting

1. Budgeting: Cash Flow And Current Financial Position
2. Budgeting Worksheet Guide

How we all manage our money day to day has never been more important than it is right now.

Making sure you have a budget and try to manage to stick to it– and checking things more regularly is really important to helping make your money go further, or to spot where you can make savings on your spending.

Control Over The Day-To-Day

Budgeting: Cash Flow And Current Financial Position

Budgeting is important to all of us, and especially now in this period of big increases in energy costs and rising inflation - which is increasing almost all of our key daily living costs such heating, food and petrol, it's really vital to make that extra effort to keep on top of your finances, and understand if there any areas you need and can reduce spending, or to think about areas where you could make other savings. The two key elements are your personal or household cash flow and current financial position.

- **Cash flow** is simply a measure of your income and spending.
- What is your current **net income** (income after tax each week or month)
- This includes all forms of income such as jobs, interest from savings and investments, and any other sources.
- What is your current **expenditure - your regular and one off outgoings**?
- This includes everything you spend money on such as mortgage/rent, household and energy bills, food, clothes, going out and travel.
- This can be your regular day to day living costs, as well as one off purchases or other regular costs such as TV and App subscriptions
- We have included a budgeting worksheet on the next page to help you identify your sources of income, and where you are spending the money. Alternatively, The MoneyHelper Service has a free online budgeting tool which is a good place to start if you don't already have a budgeting system in place: **MoneyHelper Budget Planner**
- Once you can see what is coming in and going out, you can begin to challenge your spending habits.

- Your current **financial position** considers your overall "net worth".
- What are you current **assets**?
  - This refers to everything you own, including:
- Savings and investments
- House or property
- What are your current **liabilities**?
  - This refers to everything you owe to someone else, including:
- Debts owed (credit cards, short-term loans and mortgages)
- Rent or overdue payments
- Finance on a vehicle
- If you are start having difficulty making ends meet from your income, it could be good to identify how you might be able to cut back some of your regular (but not vital) expenditure, or to use any other assets to help in the short-term. For example if you have an savings fund, you could use of it to help meet some of your monthly bills if needed.
- What actions might be worth considering to manage your liabilities? Read the section on managing debt to find out more.

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Control Over The Day-To-Day
Budgeting Worksheet Guide

Our budgeting worksheet can also help you with one way of budgeting which uses multiple bank accounts to help you manage your expenses, provides you with a clear picture of what you are spending money on, and helps to ensure you do not accidentally miss any payments or run out of money before payday.

Example

Income:
This side of the worksheet counts all the money you have coming in on a regular basis. It is important that this amount is "net", which means it is the money you have to save or spend **after** taxes or workplace benefits have been deducted.
This should represent you regular income, if you receive one-off bonuses, or windfalls, then allocate these directly to savings.
If you have different income streams not accounted for in the worksheet, then add these into one of boxes. What is important is that it includes all the money you have coming in on a regular basis.

Net income from your main employment	£
Payroll deductions (already paid for)	
• Pension contribution	£
• Flexible benefits	£
• Other	£

Net income from partners main employment	£
Payroll deductions (already paid for)	
• Pension contribution	£
• Flexible benefits	£
• Other	£

Other net income	£
Investments and other income sources net of associated expenses and taxes	
• Rental income from property investments	£
• Other investment income	£
• Other employment income	£

Main account:
Pay income into this account, and transfer the money out into your spending or saving accounts on a regular basis.

Main bank account	
£ IN	£ OUT
£ + £ + £ = £ IN	£ + £ + £ = £ OUT
Both sides should be equal	

Regular/Fixed bills account:
Transfer the money required to pay your regular bills into this account. Tip: If you don't have a debit card for this account, you will be less tempted to spend the money.

Regular/Fixed bills account	
Set outgoings & bills	£
Direct debits	
• Rent / Mortgage	
• Mobile/Phone/Broadband	
• Gas/Electric/Water	
• Insurance (home/car/life)	
• Other household bills	
• Debt repayments	
• Planned savings	

Daily and discretionary spending account	
Spending money	£
Set daily limit of £____ per day	
• Food	
• Transport	
• Eating out / takeaways	
• General	
• Other	

Savings Account	
Total money saved	£
• Saved this month	

Daily and discretionary spending account: Transfer the money required to pay for your daily expenses to this account, and use this as your main account for daily use.

Savings account:
You should aim to save some money each month for longer term goals. It is ok to dip into this account for additional funds in emergencies, just try not to make a habit of it.

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Control Over The Day-To-Day
Budgeting Worksheet example

Net income from your main employment	£
Payroll deductions (already paid for)	
• Pension contribution	£
• Flexible benefits	£
• Other	£

Net income from partners main employment	£
Payroll deductions (already paid for)	
• Pension contribution	£
• Flexible benefits	£
• Other	£

Other net income	£
Investments and other income sources net of associated expenses and taxes	
• Rental income from property investments	£
• Other investment income	£
• Other employment income	£

Main bank account

£ IN	£ OUT
£	£
+	+
£	£
+	+
£	£
=	=
£	£
IN	OUT

Both sides should be equal

Regular/Fixed bills account	
Set outgoings & bills	£
Direct debits	
• Rent / Mortgage	
• Mobile/Phone/Broadband	
• Gas/Electric/Water	
• Insurance (home/car/life)	
• Other household bills	
• Debt repayments	
• Planned savings	

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• General	
• Other	

Savings Account	
Total money saved	£
• Saved this month	

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Control Over The Day-To-Day Weekly Food Planner

3 Weekly Food Planner

The cost of living crisis makes it more important than ever to save money and yet the average family throws away more than £700* of perfectly good food each year.

If like many of us you often just buy what you fancy at the time – making an old fashioned meal planner can help !

* Government waste adviser WRAP – January 2020

Control Over The Day-To-Day
Weekly Food Planner

The cost of living crisis makes it more important than ever to save money and yet the average family throws away more than £700* of perfectly good food each year. With inflation at a 30 year high, the cost of home essentials is increasing and small lifestyle changes such as planning your meals and writing a shopping list can help you to not only reduce your food waste, which is better for the environment, but will also save you money on your shopping bill in the long run.

It is also important to understand the difference between a use by date and best before on food packaging. A best before date is an indicator of quality rather than safety and food is still safe to eat after that date. A use by date is about safety and food can be eaten until or on the use by date but the recommendation is not afterwards as the item could then be unsafe to consume.

See below for our helpful meal planning template to streamline your shopping and decrease your food waste. We've also included a sample meal plan to show you how you can make one meal go further by using leftovers in a delicious, healthy and cost effective way.

Stick to your list!

Don't be a doughnut and be tempted to buy things you don't need or will waste!

Fruits and Vegetables	Banana Apples Potatoes
Dairy, eggs and chilled	Milk Yoghurts Cheese
Frozen	Pizza Ice Cream Frozen veg
Food cupboard	Soup Cereal Nuts
Bakery	Bread Wraps Cakes
General	Toilet Paper Cleaning Spray Washing Up Liquid

Control Over The Day-To-Day
Weekly Food Planner

Example: Weekly menu planner

	Lunch	Dinner
Sunday	Mum's for lunch	Roast chicken, veg etc
Monday	Leftover chicken salad	Leftover potato & veg frittata & salad
Tuesday	Sandwich	Bean burgers & cauliflower cheese
Wednesday	Soup	Broccoli & Cauliflower Quiche
Thursday	Leftover quiche & salad	Spaghetti bolognaise
Friday	Alex's leaving lunch at work	Fish stew & garlic bread
Saturday	Soup (from leftover stew)	Out

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Control Over The Day-To-Day What To Do If You Are Struggling Financially

1. What to do if you are finding it difficult to manage financially
2. Managing Debt
3. I'm struggling with Debt – What can I do?

If you've reviewed your budget and are still struggling to make ends meet, or you're in Debt you may need to take further action or seek advice. Managing Debt rather than taking on more Debt should be a key priority.

What To Do If You Are Struggling Financially
Overview

If you or a family member suffered financially during the pandemic, or if you are now worried about how you will manage with the challenge of the cost of living increases we are facing over the next 12 months, there are a number of support measures to help you out, especially around rising **energy costs**.

1. Create or update your regular budget

- When times get tough, the best first step you can take is to plan, and make a budget – or a new budget to help you manage through 2022 and beyond
- Think about your shopping patterns and entertainment needs and focusing on your essential costs vs any discretionary spending can help you to understand how to prioritise your money
- If times are hard, identify what, if any, discretionary costs you can cut back on to save some money

2. Identify any savings you have

- Have you built-up an emergency savings fund, or have you been saving towards something specific? Either way you should identify any savings you have, whether held in a bank account, or perhaps in a company share plan or ISA account.
- It is usually best to use any savings before taking out any new debt, but remember to top-up your savings when you can afford to.

3. Don't face it on your own

- #1 - Talk to your service suppliers or lenders straight away - and see how they can help.
- Before taking out any further debt, or missing any payments, you can speak to a trained debt adviser to get free debt advice and you can find more information **here**
- It is also really important to speak to your debt provider, landlord/ mortgage provider or energy supplier, rather than simply stopping payments.
- Find out more information about your options at **MoneyHelper.**

The MoneyHelper **Every Day Money** section provides more useful information about managing your finances,
You can also find the latest government information at **Cost of Living Support** – **Make sure you use them**

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Managing Debt

Borrowing allows you to do things, or buy things, you currently don't have sufficient funds for.
Debt is money that you have borrowed from someone or somewhere, and need to pay back, usually with interest.
It is important that you consider the costs versus benefits of borrowing money, and your ability to afford the repayments.

Good debt and bad debt

In general, good debt is when you borrow money to buy things that are expected to increase in value, and may also pay you an income. Like your home, a second property, or a car needed for your job. These loans tend to be in the form of long term debt, like mortgages, where you pay it off over many years.

Bad debt is borrowing to buy things that decrease in value and don't pay you an income, like clothes, luxury goods, and holidays (once the lockdown is over). These loans are usually in the form of short-term debt, and attract a higher interest rate, like credit cards.
So whilst debt can provide you with a helping hand, if used irresponsibly it can do the opposite, making you financially worse off.

Signs you're carrying too much debt.

- You're only able to pay off the minimum repayments each month.
- You've maxed out on your available borrowing, and need to find further loans from other sources.
- You're receiving late payment notices.
- You're using your credit card or pay-day loans for day-to-day living essentials, like rent, groceries, and bills.

I’m Struggling With Debt – What Can I Do?

If you are showing any of the signs that you are carrying too much debt, or are struggling to make ends meet, there are a number of steps you can take to reduce interest payments.

You may be able to reduce the interest rates you pay, and monthly payments by:

- Transferring your debts to a 0% balance transfer credit card.
- Consolidate high-interest loans in a longer-term, lower interest loan.
- Pay off any high interest debt.
- Talk to your debt provider or landlord (if you’re struggling with rent). They may be able to offer some flexibility in the short-term.

Before taking out any further debt, or missing any payments, you can speak to a trained debt adviser to get free debt advice and you can find more information here.

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Control Over The Day-To-Day Mercer’s top tips for Saving Money

1 How to save money

2 Top tips

We’ve pulled together a checklist of things you can do easily to save money – or things to check in case you might be eligible for some of the new Government cost of living supports

How to save money…
…when the price of everything is rising

Firstly, invest some time to work out what you're currently spending your money on each month. Go through your bank and credit card statements and categorise your expenses.

Financial essentials

Housing costs

Insurances

Debt

Pension & savings

Basic needs

Utilities

Food & drink

Travel

Childcare

Discretionary spends

Clothing

Personal care

Friends, family & gifts

Sports, leisure & entertainment

Once you know how your spending your money you can start to identify areas of potential savings. Even small savings can add up and make a big difference at the end of each month.

Try not to get too overwhelmed and tackle quick wins first to build your confidence. There are lots of money savings tips and resources out there to help you, and we've provided a few in each of the key areas.

Whether you need to simply change your mind-set on your habits and cut back on some of the discretionary spends, or you need a wholesale review of your finances, our tips are here to point you in the right direction.

If you're struggling financially and are finding it difficult to keep your head above water don't be afraid to reach out for professional help.

Financial essentials

Housing costs

Rent, Mortgage and Council Tax

Basic housing costs are hard to control, but we expect to see rents and mortgage costs to increase as interest rates rise. Fixed rate mortgage deals are already increasing, so if you're on a fixed deal at the moment, review your options and plan ahead. If you can afford it, then overpaying on your mortgage every month can help you pay off your mortgage early and save you thousands of pounds in the long run.

Those living in tax bands A to D in England are set to receive a £150 council tax rebate. This will arrive automatically by September 2022 if you pay by direct debit. If you pay by cash or cheque, your council will contact you to arrange payment. Some authorities allow you to pay council tax over 12 months rather than 10.

Council Tax – are you paying more than you should?

Did you know you can challenge the band you are in? Check out how much are your neighbours paying at www.gov.uk/council-tax-bands and estimate what your house was worth in 1991 (that's when and how the council tax bands were defined) at www.nationwide.co.uk/hpi/calculator/calculator.htm

Be careful before you challenge your council – You and your neighbour's tax band go up rather than down!

Insurances

Insurance

Car and House insurance are essential, but make sure you're getting the best deal and the best price by following our quick tips below. Other insurances such as life assurance, income protection and critical insurance are important for preparing for the unexpected. You may have taken out a number of these policies over the years, for example as part of a mortgage application. Review the policies you have and ensure the level of cover is right for your circumstances now and you're not over or under insured. Don't forget your employer may also offer some of these insurances as part of your employee benefits.

General rules

- Never auto-renew
- Pay annually – paying monthly is more expensive.
- Increase your voluntary excess to reduce the premium
- Build up your no claims bonus discount
- Compare prices on any add-ons and make sure you need them (e.g. breakdown cover)
- Check comparison sites for best quotes (e.g. MoneySupermarket, Confused.com, Compare The Market, Gocompare
- Check companies that comparison sites will miss. E.g. Aviva, Direct Line
- Haggle with your existing provider to see if they can match

Car Insurance

- Wherever possible, park your car in a secure garage overnight or on a driveway
- Ensure your estimated mileage is right
- Consider your cover type - If you have an older car which isn't worth very much, it may be worth considering a third party, fire and theft policy rather than comprehensive cover
- Think about how you describe your job – e.g. PA is often cheaper than secretary. But always make sure you're honest when giving your details to an insurer or you risk invalidating your policy.

House Insurance

- Increase security - BSI approved locks, join your local Neighbourhood Watch scheme
- Install alarms - smoke and burglar alarms if they're approved models and serviced
- Buy buildings and contents insurance together
- Don't over-cover building insurance – use rebuild value from RICS
- Don't under-cover contents

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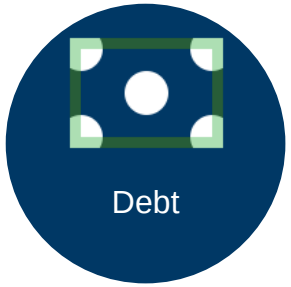
Financial essentials



If you have debt on your credit card and are paying interest then you may be able to transfer the debt to another credit card that offers a 0% balance transfer. This can help you pay the debt off more cheaply. Most cards charge a transfer fee so you'll need to do your research and check that you are saving money after all charges. This will only work if you have a plan to pay off your debt before the 0% offer ends and/or never miss a monthly repayment. Also, never spend or withdraw cash on these cards as you may have to pay a higher rate of interest on that spend.

If you're struggling with debt, never ignore the issue – it will only get worse. Talk to your creditors and seek help. Your employer may offer an Employee Assistance Programme where you can speak to someone in confidence.

Pensions and savings are important for building short term financial resilience and planning for your future. However, if you're struggling with the day-to-day, saving might not be right for you right now. Always consider carefully opting out of an employer sponsored pension arrangement, as you'll effectively be giving up free employer contributions. They are also a tax-efficient way of saving for your future, so it might not cost you as much as you think!

If you have sufficient monies to save, always maximise what an employer is offering in the pension plan, and then consider your own short, medium and long term savings options.

Review your savings options and ensure they are both tax efficient (for example using ISA's) and offering you a competitive rate of return. Don't forget that interest rates are rising, so review your options for any cash savings.

You can invest a maximum of £20,000 into most ISAs and can choose how you want to split it between stocks & shares ISAs, cash ISAs, Innovative Finance ISAs, Help to Buy ISAs, Lifetime ISA ("LISA") and Junior ISAs.

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Basic needs

Utilities

Energy and water

Energy and water are essentials and the rise in energy costs is likely to be the biggest challenge as we head into autumn and winter. Even with the announced Government intervention to cap further increases, as usage goes up, so will your bills! Cheap energy fixed deals are no longer available so it is probably best to stay with your current supplier for now, try to manage your bills and reduce your usage where possible.

Submit meter readings regularly and speak to your supplier if your direct debits are too high or you're struggling to pay your bills. If you're not paying by direct debit speak to your supplier and look to switch if you can. Card meters are more expensive. Some providers will give grants to vulnerable households and keep an eye out for any government support initiatives at **https://helpforhouseholds.campaign.gov.uk/.**

Try reducing your energy usage where possible:

- Turn off lights unless needed
- Avoid leaving electrical items on "stand-by"
- Consider switching off and unplugging some devices (e.g. Alexa)
- Batch cook to reduce oven usage and consider using your microwave, mini oven or air-fryer instead
- Turn down the heating by one degree
- Use jumpers and blankets to stay warm

Phone, broadband and TV

Review your mobile phone contract. If your contract has expired or due to expire consider your options. Whilst its nice to have the latest mobile phone, perhaps it can wait. Switch to the best Sim only tariff by reviewing your past bills to work out how much allowance you need and then reviewing the tariffs available on comparison sites. e.g. mobilephonechecker.co.uk.

Do you use your landline phone connection? If not, cancel it. Stop paying for speeds and calls that you don't need. Consider reviewing and merging your TV package with broadband and phone and compare the price with comparison sites.

Review your contract terms (cancellation fees etc), alternative options and then haggle with your existing provider. Be polite and charming, and if the provider says no, then tell them you're going to leave and ask to be put through to disconnections, known internally as 'customer retentions'.

If it doesn't work and you don't want to leave then just say "I need to check with someone first". Otherwise consider leaving. Cancelling may give you a better deal.

Don't forget to use a cashback website when you're switching providers or buying a new contract

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Basic needs

Food & drink

Supermarket Shopping

We've seen significant increases in the cost of the weekly food shop. Not all foods are increasing at the same rate, with dairy and wheat products being hit the hardest so far. We all need to eat well and enjoy the occasional treat, so reviewing what and how we buy and use both the essentials and the treats could make all the difference. Many of us tend to buy and eat much the same each week, so think about mixing it up and trying new recipes with cheaper ingredients (e.g. a bean based chilli instead of meat, or cheaper fish such as mackerel instead of salmon).

Plan your shop:

- Avoid shopping when hungry
- Go with a list based on planned meals, but be flexible if you see special offers when you're there
- Consider trying a different supermarket. Compare the cost of your shopping trolley at major online supermarkets with Mysupermarket.co.uk
- Time trips right to benefit from yellow-sticker discounts – usually 7pm onwards
- Search online for coupons

Whilst you're there:

- Make sure any marketed "special offer" is actually good value
- Try switching from branded goods to own brand basic ranges
- Use your loyalty card

When you're at home:

- Don't waste food
- Understand use-by dates v best before dates – trust your senses
- Adapt and plan meals to use up leftovers

Food on the go

Review how much you spend each month on "convenience foods" - whether that be a quick coffee and snack whilst you're out and about shopping, your lunch whilst you're at work, or a takeaway when you get home because you're too tired to cook. Even a few pounds a day will soon mount up and as the cost of basic food and energy supplies go up, so will the cost of your convenience foods.

Try getting into a routine of planning your meals, make your lunch the night before so its ready to pick up and go in the morning together with a flask if you need that caffeine hit on the commute. Batch cooking and freezing meals not only reduces energy costs, but will mean you've always got a meal in the freezer for those late nights when you get home and you're too tired to cook.

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Basic needs

Travel

The cheapest and most eco-friendly form of travel is by foot (and it's also good for your health!). Whilst it might be impossible to walk everywhere, next time you open the car or step on the bus think about whether you could have walked instead. It might take longer and needs a bit more planning, but could you walk next time?

If you need to drive, or take a bus or train, how can you save money?

Train, Tube & Bus

- Depending on frequency of travel, would a season ticket be better value? Does your employer offer an interest free travel loan?
- Book online and 3 months in advance if possible
- Review split ticketing options
- Always claim compensation for delays

By Car

- Reduce petrol consumption by keeping your car maintained, reducing the usage of air conditioning and driving efficiently
- Review petrol prices before you head out to fill up at petrolprices.com
- If you're traveling for work and doing business mileage you may eligible to claim back mileage expenses from HMRC (you can get 45p less what you've been reimbursed from your employer)

Childcare

If you're a working parent or guardian, the cost of childcare can be significant, but the choice of childcare also needs to be right for you and your child(ren) and change can be unsettling!

However, if you're struggling or looking to make savings, it might be an area that warrants review. Check out Which's guide

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Discretionary spends

Discretionary spends is probably one of the easiest ways to save money. Without reducing what your buying, you could immediately save on your expenditure through discount codes and cash back.

www.topcashback.com has no annual administration fees. New users are signed up to a one-month trial of its 'Plus' membership – remember to downgrade before the trial is up (which you can do at any time), otherwise you'll find you're automatically charged for a year's membership (deducted from your earnings).

www.quidco.com is Topcashback's big rival, with the two sites often competing on exclusive deals. And while our spot-check in May 2019 found Topcashback edged it when it came to the highest rate, it's always worth checking both sites before you spend, especially if making a big purchase.

Don't forget to also see if your employer offers a discount voucher programme.

If you need to cut back, then consider the following:

- Re-sell and buy quality items on resale platforms. "Vintage" is "in" and its eco-friendly too
- Think before you buy – do you need it?
- If you have second thoughts when you get home, don't stick in the wardrobe – take it back!

- Don't automatically re-book that hair appointment. Wait until you need it.
- Switch the beauty and nail bar for a fun night of home pampering with friends instead

- If you're struggling and can't afford it, be honest with people
- It's the thought that counts and there are lots of lovely cheaper gifts that can still make your loved ones feel special
- "Home-made" says more and costs less

- Review your subscriptions – whether that be streaming TV, music or the gym. Are you getting value from it, or could you take a break?

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12 Top Tips For Saving Money

01

Find ways to spend less on utilities

- Switch off unused appliances
- Swap to LED efficient light bulbs
- Turn radiators down or off if you're going out once it starts getting colder

02

Start using cashback websites

Use cashback websites for free money when shopping online.

03

Re-organise debt

If you have debts look to minimise the interest payments by 0% balance transfer credit card where available. Talk to your creditors if you are struggling financially.

04

Contracts and subscriptions

Review how much you are paying for mobile phone contract, broadband, TV and phone lines. Do you really need to be paying for 4 or 5 different streaming services?

05

Cancel unwanted/unused subscriptions

Check your bank statement for direct debits. Cancel any subscriptions that you can do without.

06

£150 council tax rebate

Those living in council tax bands A to D in England should have received a £150 refund to help with energy bills. Pay your council tax via direct debit – and check you have had your £150.

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12 Top Tips For Saving Money

07

Compare prices when renewing insurance

Never auto renew, always check for better deals via your existing supplier and comparison websites

08

Make the most of resale platforms

Make money by exchanging your unwanted belongings for cash via resale platforms.

09

Reduce tax bill

Take advantage of tax relief such as:

- Marriage tax allowance
- Working from home tax relief

10

Account switching incentives

Some bank accounts are offering incentives to switch accounts.

11

Consider your mortgage payments

If you are currently on a fixed rate mortgage that will end in the next 6 months, start shopping around now for the best future deal – some you can arrange ahead of your current deal expiring

12

Beware of financial scams

Be wary of unsolicited emails and texts offering questionably good deals, and never respond to messages that ask for your personal or financial information.

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Further Help and resources

Money and pensions services

- https://www.moneyhelper.org.uk/
- https://moneyandpensionsservice.org.uk/
- https://www.pensionsadvisoryservice.org.uk/
- https://www.pensionwise.gov.uk/

Cost of Living and money saving information

- https://www.citizensadvice.org.uk/debt-and-money/get-help-with-the-cost-of-living/
- https://www.which.co.uk/money/money-saving-tips
- https://www.moneysupermarket.com/

Help with debt

- https://www.stepchange.org/

Government cost of living support and information

- https://costoflivingsupport.campaign.gov.uk/
- https://www.gov.uk/guidance/cost-of-living-payment

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Prepared For The Unexpected

1. Saving For A Rainy Day
2. Insurance and Protection

Being Prepared for the Unexpected, or having the capacity to absorb a financial shock, is one of the more obvious of financial wellbeing – control of your day-to-day spending is all well and good, but what about the unknown and unexpected

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Prepared For The Unexpected Saving for a rainy Day

1. Saving For A Rainy Day
2. Building An Emergency Fund

When reviewing your day-to-day finances and budget you should try and make an allowance to start to build some short-term funds so you can be prepared for unexpected expenses without having to resort to bad Debt.

Prepared For The Unexpected
Saving For A Rainy Day

Creating a savings habit is one of the most important things we can do to improve our future prospects.

By creating short, medium as well as long term saving goals we can bring greater security to our lives by avoiding problems with debt and reduce financial stress in our life.

We all want to plan for a brighter future and for most people that means creating a savings goal, whether you want to pay for a holiday, buy a new car or buy a house having a plan will allow you to track progress against your goal.

In the short term building an “emergency fund” to deal with life’s unexpected costs will allow you to have greater financial security. This will give you the benefit of knowing you can meet that unexpected bill or expenditure without going into debt.

In the longer term we would all like to retire or at least reduce our working hours and the best way to do that is to build a long term savings plan, normally through a pension or ISA that will provide an income in later life. The great news is that the Government will support you to achieve this in the form of tax relief on pension contributions.

Having created a savings fund you then need to consider where you might invest it. This will depend on a number of factors including access, your attitude to risk as well as tax considerations.

To achieve greater financial independence and freedom there is no doubt that we all should consider saving. Even a small amount saved each week, month or year could amount to a substantial overall fund in the long term.

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Prepared For The Unexpected
Building An Emergency Fund

Life is unpredictable and we all face the prospect of having to pay an unexpected bill at some point which would be difficult to deal with if we don't have savings.

In addition people's employment status can be uncertain and any loss of earnings can quickly spiral out of control particularly if you already have a high level of personal debt.

It is therefore important that you consider building an emergency fund that would act as a buffer and allow you to meet any costs arising from an unexpected bill or change in employment circumstances.

The amount of emergency fund you will need will depend on your individual circumstances and monthly outgoings.

How much do you need?

Most commentators would suggest you should aim to build a fund equal to at least 3 months of monthly outgoings. In an ideal world this amount would be equal to 6 months of outgoings.

It follows therefore that if your monthly outgoings are £2,000 you should seek to create a fund of at least £6,000.

Whilst this is a large amount of money it will provide you with the security of knowing that if the unexpected does happen you will not be forced into further debt.

Starting to save small amounts over a long period of time will soon make a difference and any savings are better than none.

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Prepared For The Unexpected
Building An Emergency Fund

Starting Saving

Once you have determined how much you need in your emergency fund you may wish to open or use a new account to put the money into. In this way you will be less likely to dip into the fund to cover day to day expenditure and build the amount of money in it.

- Create a budget that will allow you see where you spend your earnings and where you might be able to make savings.
- Having a budget is a good discipline as it will allow you to feel more in control of your finances and will allow you to set a goal to understand how long it will take to reach your savings target.
- Consider setting up a direct debit to pay money from your salary into the account from your salary so that you don't miss the money.

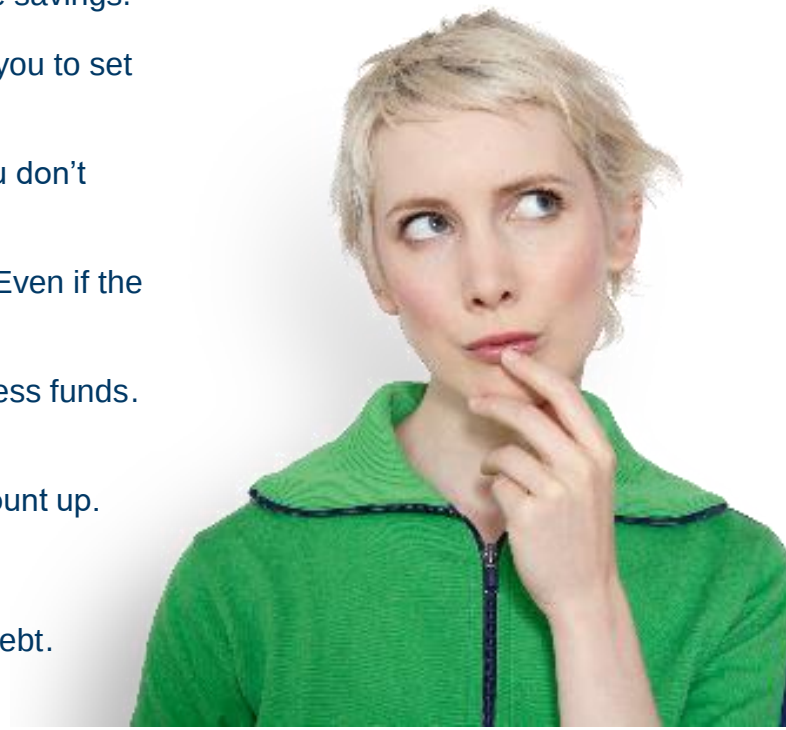
If you decide to open a new account to hold your emergency fund make sure that it pays some form of interest. Even if the interest rate is low it will at least increase the value of your savings over a period of time.

Having instant access to the funds is important so the account selected cannot require any form of notice to access funds. You will need to decide when it is OK to access the funds to meet a particular need.

Don't be tempted to dip into it for any other reason than an emergency and make sure you regularly top the account up.

When you receive unexpected income or cash consider adding this money to your emergency fund.

Having an emergency fund in the long term should reduce financial stress and dependency of credit cards and debt.



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Prepare For The Unexpected
Building An Emergency Fund

In Summary

Follow these simple steps to create an emergency fund:

- Create a Budget
- Decide how much you can or wish to save
- Open a savings account
- Automate- set up a regular payment from salary to a savings account
- Add to the emergency fund on an ad hoc basis when you are able

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Prepared For The Unexpected Insurance and Protection

1. Insurance and Protection
2. Protecting Your Loved Ones
3. Protection Against Illness
4. Protecting Your Possessions

Some insurances are a necessary and familiar part of our day-to-day lives because we're required to have cover (for example car insurance).

Preparing for the unexpected also means being prepared and protecting our loved ones for those unexpected events that we don't like to think and talk about – our ill health or early death.

Insurance and Protection

Being financially resilient is a crucial part of building lasting positive financial wellbeing. As recent events have highlighted, unexpected things can occur with little warning and if we are not prepared for them it can increase the stress they cause and make any recovery much more challenging. Whilst it is not nice to think about things going wrong, considering some key 'what if' scenarios and how you would cope financially should be high on your financial planning 'to do' list.

Whilst an emergency fund will help deal with some unexpected expenses, insurance and protection products play an important role in protecting you and your loved ones from bigger financial shocks. Life is unpredictable and the challenges it presents can be daunting, but being financial prepared will enable you to focus on the other areas of your wellbeing that are likely to be impacted when things don't go to plan.

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A good starting point is to understand any protection or insurance policies offered by your employer.

You may find you automatically receive, are entitled to, or are able to purchase benefits that provide cover against a few big risks, so check out what benefits your employer already provides you with.
The most commonly offered protection benefits include;

- Life assurance or Death in Service, which will provide a payment to your beneficiaries in the event of your death.
- Income Protection, which will provide income if you are unable to work for a prolonged period due to illness.
- Critical illness cover, which will provide a lump sum payable on diagnosis of certain serious conditions.

You may also want to consider where other types of cover may be helpful; insuring your prized possessions, getting travel insurance when you go away, or getting private medical insurance to enable you to claim back the costs of private medical treatment may all also have a valuable role to play.

Make sure that you understand the benefits available to you and have considered the types and levels of protection you need. If there are any areas where you see a potential vulnerability, look to get protection in place as soon as possible.

Hopefully many of these benefits will never be needed, but ensuring that you are financially prepared for anything will enable you to take on life challenges, small or large, with an increased degree of confidence.

Insurance and Protection
Protecting Your Loved Ones

There are a number of ways of providing financial security to your loved ones in the event of your death.

This should be a high priority if you have financially dependent children, a partner that relies on your income, or a family living in a house that you are paying the mortgage for.

If you are financially dependent on someone else then life cover for them should also be considered.

Life assurance

Life assurance policies provide a pay-out to your beneficiaries in the event of your death.

Often employers will offer life assurance to their employees, and this is typically a multiple of your salary. In the event of your death this amount (e.g 2 x salary) would be paid as a tax free lump sum to your beneficiaries. Where this benefit is employer funded there is no cost to you, and the benefit is not classed as a benefit in kind for income tax purposes. If you require additional cover you could take out further life assurance, which can take a number of forms.

Insurance and Protection
Protecting Your Loved Ones

Term life assurance

These policies will cover a specific period of time, such as 10 or 20 years; the ‘term’. If you die during this period there will be a pay-out, though you can choose how this is structured;

Level term – This is the simplest; you choose the amount of cover and term period e.g. 25 year term £100K cover. If you die at any point during the term your beneficiaries receive the full pay-out for the amount covered.

Decreasing term – Here the amount of cover reduces over time. This may be used in conjunction with a mortgage to ensure the remaining balance can be cleared. This is generally cheaper as the total cover over the term is lower. One variation of decreasing term life assurance is family income benefit, which would pay an income to a specified beneficiary each month until the end of the term.

Increasing term – Here the amount of cover increases over time. This could be required if, for example, the impact of inflation is a concern.

Whole of life policies

As the name suggests, once taken out these policies are intended to run for your whole life. They will provide a pay-out on death as long as you continue to pay the required premiums.

However, these policies are more expensive than term assurance policies and if you live for a long time you could end up paying more in premiums than the lump sum paid out on death.

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Insurance and Protection
Protection Against Illness

What would happen if you were unable to work due to illness or injury? Whilst your employer may offer sick pay, often this is reduced to Statutory Sick Pay within six months of absence, with Statutory Sick Pay only payable for up to 28 weeks. Most would struggle financially without their regular income and so ensuring you are protected against a prolonged illness is important. There are also ways to cover certain medical costs that may be appropriate depending on your circumstances

Income Protection

Income Protection (sometimes also called Permanent Health Insurance) provides regular income that replaces part of your income if you are unable to work due to illness or an accident. This would typically provide a percentage of your salary (e.g. 50%) which would be payable until you reach the end of the policy term, return to work, or retire; whichever comes first.

The income is not payable immediately on become ill but after a certain period of absence (the deferred period), which is typically 13 or 26 weeks.

Critical Illness Cover

Unlike Income Protection, payment from a Critical Illness policy is not dependent on your ability to work. These policies provide a one off tax free lump payable on diagnosis of certain conditions. The conditions covered vary from policy to policy.

If your employer funds this benefit for you then the premiums paid will be taxed as a benefit in kind.

Personal Accident Insurance

It is also possible to insure against personal injury using Personal Accident Insurance. This would typically provide varying lump sum payments based on a specified list of injuries.

If your employer funds this benefit for you then the premiums paid will be taxed as a benefit in kind.

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Insurance and Protection
Protection Against Illness

Private Medical Insurance

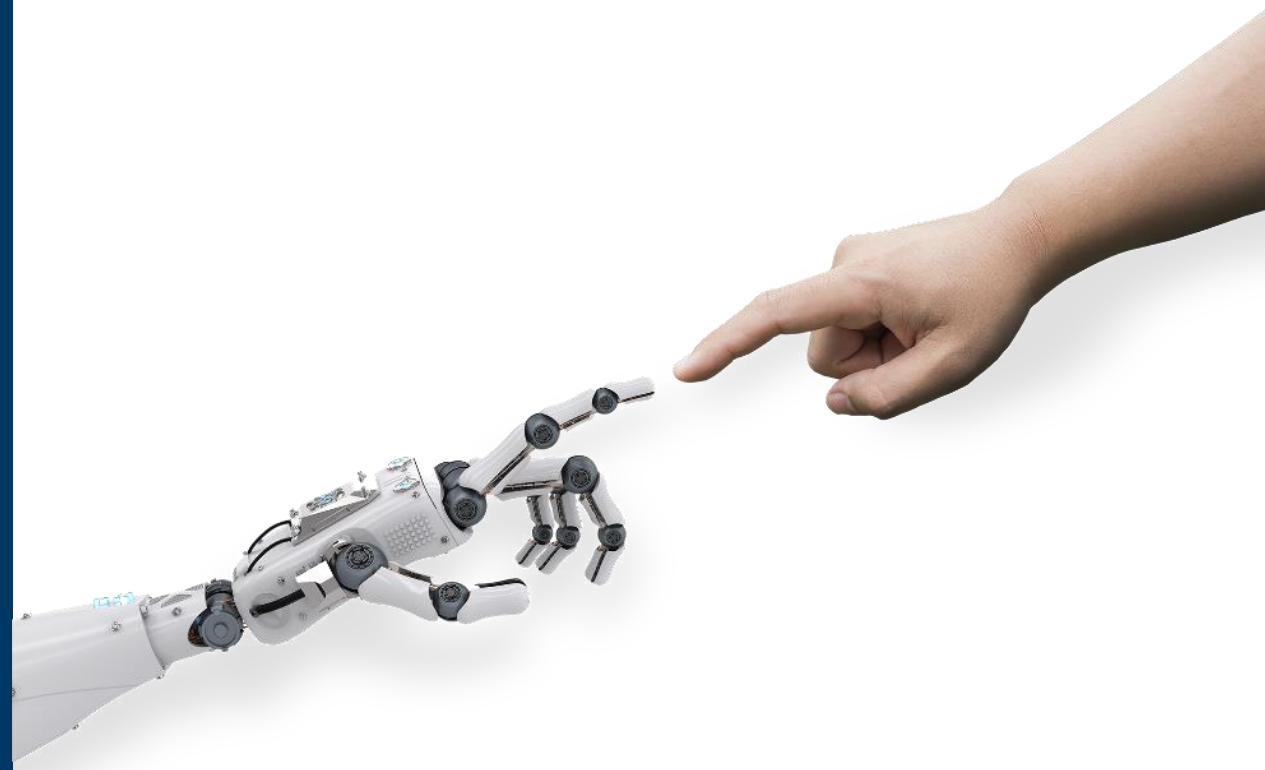
Whilst you have access to free medical treatment via the National Health Service, you may choose to have private medical treatment instead. Private Medical Insurance will cover the cost of treatment received, subject to any policy restrictions. You can choose cover to include you and your partner and/or family, with differing degree of coverage and costs varying accordingly.

If your employer funds this benefit for you then the premiums paid will be taxed as a benefit in kind.

Healthcare cash plans

Whilst Private Medical Insurance typically covers unexpected medical treatments, Healthcare cash plans offer coverage that can be used towards routine healthcare such as visiting a dentist, optician or physio. Typically there will be fixed annual amounts claimable towards each expense, so ensure that you understand the policy terms and select a policy that works for you.

If your employer funds this benefit for you then the premiums paid will be taxed as a benefit in kind.



Insurance and Protection
Protecting Your Possessions

An emergency fund will help provide some protection against small financial shocks; if your car needs a small repair or you lose something and need to replace it. However insurance will provide you with protection if something more serious happens to your possessions. Typical ways to ensure your possessions are protected are:

Buildings insurance

Buildings insurance, as the name suggests, covers the building itself. If the building is damaged or destroyed, for example by fire or bad weather, then this would cover the cost of rebuilding or repairing it.
If you are purchasing a property, this will be required by most mortgage lenders as a condition and therefore will need to be arranged prior to the exchange of contracts when purchasing a property.
If you are buying a leasehold property, then the freeholder is likely to be responsible for arranging buildings insurance.

If you are renting a property then your landlord will be responsible for this.

Home insurance

Buildings and contents insurances are often bundled together but are separate insurances. It is important that you understand which you need, the level of cover that is appropriate for you, and shop around to ensure you get the best deal.

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Insurance and Protection
Protecting Your Possessions

Contents insurance
This covers what is usually inside your property. You can choose the level of cover that you require, so it is important that you understand the value of your possessions so that you are not under, or over insured.
Whilst covering items against loss or damage whilst at home, this cover may also extend to use outside for items such as laptops, camera and phones. Make sure you understand what is and isn't covered by your policy.

Car insurance
If you own a car, you are legally required to have at least a basic level of insurance. There are various levels of cover though offering different degrees of cover. With the most comprehensive cover not always the most expensive, it is important to understand you cover options and shop around so that you can ensure you get the best deal

Third party
This is the minimum level of cover required. This covers you for the costs of injury or damage you cause to other people or their property, but it doesn't cover you if your car is damaged or stolen. Just because it is the most basic level of cover does not mean it is always the cheapest.

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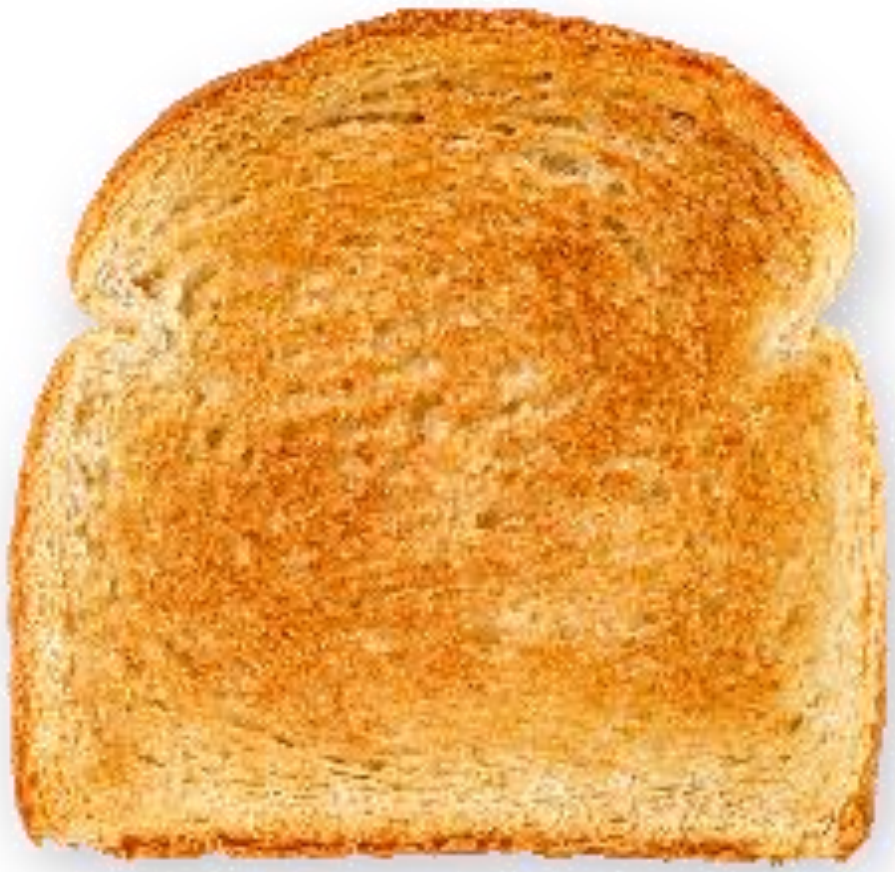
Insurance and Protection
Protecting Your Possessions



Third party, fire and theft

Like third party cover, this covers others but doesn't provide you with any protection if your own car is damaged. However this level does cover you against theft and fire.

Fully comprehensive

This is the highest level of cover available. It covers you, your car and anyone else involved in an accident. You can typically claim for repairs after an accident, accidental damage or vandalism and may also include compensation for medical treatment and legal expenses.

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Travel Insurance

In addition to providing protection if there are problems with your flights and accommodation, travel insurance also provides crucial protection against medical expenses that may be incurred if you need treatment abroad.
There are various level of cover available so make sure you understand your options and ensure appropriate cover is in place before you set off.

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Freedom To Make Choices In Life

Short, Medium and Long Term Saving Considerations

1. Short Term Saving Goals
2. Medium and Long Term Saving Considerations
3. Longer Term Savings

Once you've got a handle on the day-to-day and are prepared for the unexpected you can start to think about saving – to either achieve short term or longer term goals and ambitions.

Freedom To Make Choices In Life
Short Term Saving Goals

This might be to create an emergency fund to meet unexpected events.

The following saving options might be considered to be appropriate:

- Cash Deposits
- Cash ISA's
- Interest bearing saving accounts
- National Savings products
- Fixed term investments with guaranteed rates of return

You should be aware that there may be restrictions on accessing your savings, such as needing to give a period of notice, or penalties for early access in the case of emergencies.

If you were to set up a Stock and Shares ISA for example you should expect to hold the investment for a minimum of 5 years. This should be even longer for direct equity holdings as there is more risk involved with individual share holdings, typically high costs of trading and the tax consequences of sales are also more complex with direct equity holdings.

In selecting the best option you need to consider your attitude to risk and the product's suitability from a tax and cost perspective.

Medium Term Saving Goals

Typical medium term saving objectives might include saving for a new car, saving for a deposit for a new home, making home improvements or paying down high interest debt.

Typical Saving vehicles for such a goal would include:

- Cash or Stocks and shares ISA'S (depending on risk level)
- Lifetime ISA
- Use of General Investment Accounts (where ISA limits have been met)
- Direct Equity holding (ownership of individual stocks and shares, or as part of a portfolio)
- Mixed asset Bonds
- A share saving scheme if offered by your employer

Each of these types of investments can be subject to volatility in the short term, hence the need to recognise that these types of vehicles will need to be held for a reasonable period of time.

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Freedom To Make Choices In Life
Medium and Long Term Saving Considerations

Setting saving goals is one of the best ways to take financial responsibility in your future.

By taking the time to consider what your financial and life goals are, you will be better placed to understand what you need to save to achieve them.

Without goals, you don't know where you're going and then you can't get there. Even if you have goals, if you don't create a plan to meet those goals, it is unlikely those goals will ever be realised.

It is useful to break those goals down into three categories:

- Short Term – Up to 3 years' time horizon
- Medium Term – Between 3 and 7 years' time horizon
- Long Term – Longer than 7 years' time horizon

Thinking in this way will make it easier for you to adopt the most appropriate strategy to fulfil each of your saving objectives or goals over each time horizon.

It is important to recognise that each goal and time horizon will require a different savings strategy that considers risk, access, costs and tax considerations.

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Freedom To Make Choices In Life
Medium and Long Term Saving Considerations

Having created an **Emergency Fund** to deal with day to day unexpected events and expenses we need to consider how we might save for the medium and long term.

If you are saving to achieve a short term goal, for example to save money to pay for a holiday, your approach will naturally be different from saving for a long term goal, such as retirement.

It follows that the type of savings or investments that you would use to meet the short term goal would be quite different to the long term goal.

For your long term goal, you are likely to be able to afford to take more risk as you have a long time to recover any losses that you may incur in the short term. Whereas for your short term goal, you need to be certain that the amount saved will be enough to pay for your holiday later in the year.

There is a risk that we prioritise the short term over the long term as we deal with those events on a daily basis.

If we consider our saving goals in terms of short, medium and long term it follows that each of these goals will have a matching set of saving options that are appropriate.

When we consider how and where we save, we need to consider a number of things about the way we build up our savings including:

- Does the approach match my attitude to risk?
- Is this a tax efficient way of building up my savings for this purpose?
- Do I have enough time to reach my goal that means I am able to expect any short term losses on my investments to be recovered before I need to gain access to my savings?
- How easy is it to gain access to my savings or investments?
- Is it cost effective i.e. will I incur any charges on my savings or investments?

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Freedom To Make Choices In life
Longer Term Savings

Long term objectives and goals are often the most difficult to visualise because they are so far in the future it is difficult to imagine what life might look like.

That said most people would like to visualise a point in their life when either they can reduce their work commitments or retire completely.

For most people, the State Pension will be expected to provide a significant proportion of their income in retirement. Currently the State Pension is £185.15 per week if you have 35 qualifying years of National Insurance payments or credits (for example for periods out of work providing childcare). The calculation of your State Pension entitlement is complex and deductions may be made from this. For example, a deduction may be made because you have paid reduced National Insurance due to being ‘contracted out’ of the State Pension during your working life.

You can get an estimate of your State pension entitlement through the DWP service here: https://www.gov.uk/check-state-pension

However, for most people, this will not be enough to provide the lifestyle that they would like to have in retirement. To achieve this you will need to take steps in your early life to build up savings to pay for that future.

For most people the most cost effective way to save for their retirement is in the form of their employer’s pension scheme.

Typically employer’s pension schemes have low cost access to investments, with contributions from your employer and the government in the form of tax relief. Taken together this gives you a useful boost to your retirement saving, and we provide more information on pension schemes in the On Track for the future section

Beyond saving into a pension it can also be appropriate to use other saving vehicles to save for the long term including:

- ISA
- GIA
- Workplace ISA
- Direct Equity Holdings

In summary thinking about saving goals in terms of what you are saving for and when you would need access to those savings is a valuable tool to allow you to think about what you want to achieve and the steps required to meet those goals.

Some saving goals can be achieved very quickly whilst others, such as retirement planning, will take many years to come to fruition.

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On Track For The Future

1. How Pensions Work – an overview
2. Keeping Your Pension On Track And Working For You
3. Preparing For Retirement

Whilst saving for your long-term future might seem the last priority in your overall financial wellbeing, saving into a pension is something that you should aim to do throughout your working life.

Not only do you need to save a considerable sum to fund a long and happy retirement, you should also make sure you're making the most of any employer contribution (which is essentially free money!)

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On Track For The Future
How pensions work

1 How Pensions Work – an overview

We all know that saving for a retirement is a good thing to do – however far off that may be. In this article we provide a basic explanation of the main different types of pensions

On Track For The Future
How Pensions Work – The basics

Defined Benefit Pensions

A Defined Benefit pension is, very simply, a pension where you can work out to a fair degree of accuracy exactly what your pension income will be every year once you start taking it – the “benefit” you will receive is “defined”. But it should be noted that whilst relatively few organisations still offer Defined Benefit pensions you could have built up a Defined Benefit pension from a previous employer.

How it generally works is that while you are a member of the pension scheme you will “accrue” entitlement. So a defined benefit pension might have a defined accrual rate of 1/60th: meaning that for each year you are a member of the scheme your pension income increases by 1/60th of your final salary.

A simple example: let’s assume a person has a literal Final Salary pension, with an accrual rate of 1/60th, they’ve been in the same scheme for 20 years, and their Final Salary at retirement is £30,000 pa. For each year they have worked they are entitled to £500 pension, so on retiring after 20 years they will have a guaranteed income from this pension of £10,000pa (if we assume this scheme does not permit them to take a lump sum at retirement, reducing the income element).

Defined Contribution Pensions

Unlike defined benefit pensions, with a Defined Contribution pension you know how much you, and your employer if it’s a workplace pension, are paying in each month – your “contribution” to your eventual pension pot is “defined” but how much income it might provide in retirement will depend on a range of factors.

Typically you’ll see these contributions expressed as a percentage of current salary, and taken monthly – so if your salary is £30,000 and your contribution is 5%, you’ll know that you are contributing £125 to your pension each month (£1,500 each year assuming your salary doesn’t change in that period). If your employer has chosen to match your contribution then they will pay an additional £125 each month into your pension pot themselves.

It’s actually better than that it seems though. Your pension contributions receive special tax reliefs, to encourage you to save for your retirement, so in this example putting £125 into your pension won’t actually cost you £125.

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On Track For The Future
How Pensions Work - The basics

Putting a Pension into Payment

When it comes to putting your pension into payment there two main “categories”, within which there are many options which won’t be discussed here in any detail.

One category is purchasing an annuity – an annuity is essentially a set payment for life that you purchase with all of your accumulated pension funds. Factors like your lifestyle and health can have significant impacts on the annuity you are offered. There are also options to consider around any annuity beyond the direct annual payment value, like whether it’s protected against inflation or whether it continues to pay benefits to a spouse or partner on your death. Taking options like these will naturally reduce the nominal annual amount you receive but the value of the protections they offer is something you will need to consider. It’s important to note that there is an open market in annuities so you do not have to accept any offer from your current pension provider.

Another option is putting your pension into “drawdown” – this means that your accumulated pension pot remains invested, and thus potentially growing (though also potentially losing value), while you draw funds from the pot, typically on an annual basis. The amount you draw down can be flexible so you can adjust to your current needs. It’s important to note that while an annuity offers a guaranteed income for the rest of your life, if you haven’t purchased an annuity you will be reducing your remaining pot every time you draw from it and thus it is entirely possible for your pension pot to run out before you die, leaving you reliant on the State pension and any other income sources remaining to you.

Don’t forget that whilst you get tax-relief on your contributions whilst you’re saving for retirement, the income you draw in retirement will become subject to tax. However, you will have to option to take up to 25% of your fund (or give up some income under a Defined Benefit scheme in exchange) as a tax-free cash sum.

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On Track For The Future
Keeping your pension on track

2 Keeping Your Pension On Track And Working For You

Whether you are new to the world of work, or later in life, its important that as you go through life you keep on top – and in contact with the different pension plans you might build up – and most importantly, have a good idea of what they might be worth to you.

On Track For The Future
Keeping Your Pension On Track And Working For You

Keeping your pension on track can feel, depending on your time of life and how long it is until you expect to retire, like a “dull but worthy” task, and perhaps less of a priority.

But it is very important that you recognise that your pension(s) will most likely form the majority of your income when you choose to stop work. With Defined Contribution pensions in particular the value of your eventual pension pot is subject to a high degree of uncertainty and external influences that you are unable to control. And that does mean you need to, at the very least, keep an eye on its performance and projections for final value.

That’s because that final value is extremely important to your future financial wellbeing: at some point in your future your accumulated pension moves from being part of your Future pillar and will underpin your Control, Capacity and Freedom pillars. While it may be difficult to directly establish your likely financial needs in retirement, especially if that feels a long way in the future, if it looks like your projected final pension pot will be unlikely to provide the income your think you’ll require you need to take action sooner rather than later.

As to examples of what those action or actions might be, there are options for increasing your projected final pension pot: you could increase your contributions; you could change the investment approach that’s being taken with your accumulated funds, for example adopting a more aggressive growth strategy, which is naturally more risky, while you have time for the natural bumps in market performance to even out over time; you can even potentially make direct additional payments into your pension, for example through bonus sacrifice schemes, though it is worth noting that there may be tax implications depending on your circumstance that need consideration.

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On Track For The Future

Keeping Your Pension On Track And Working For You

Fortunately there are a number of ways for you to both keep track of your current pension pot, and get projections for its eventual value (noting that any projection will necessarily be an estimate based on a set of assumptions for e.g. interest rates, inflation, investment growth etc. and is absolutely not a guarantee).

Your pension provider may provide you a regular annual pension statement directly, or make one available on request, or offer an online platform for you to manage your pension when convenient. It's worth checking to see what options are available to you and to see which option suits you best.

Alongside the current state of your pension pot, pension providers will also provide projections of your pot value at retirement. As mentioned above, these projections will be made based on a number of assumptions, which should be explained to you alongside any projected values. Note that these projections will be based on the expected retirement age that you have told them, so it is very important for your planning that this age is accurate to your plans.

Don't forget your State pension in all this of course, you can request a projection via the **DWP website**.

There are also a wide variety of modellers available online. Again your pension provider may provide this but there are independent and government supplied options available.

If you have lost track of any of your old pensions, there is a handy **MoneyHelper guide** on how to track them down, and you can also use the Government's free **Pension Tracing Service.**

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On Track For The Future
Preparing for retirement

3 Preparing For Retirement

Whilst what retirement actually means these days is changed from a generation ago, if you are closer to your planned full or partial retirement age, then this article looks at some of the things you might want to think about as you prepare and plan.

On Track For The Future
Preparing For Retirement

It's a common misconception that preparing for your retirement begins, and ends, with your finances. Retirement has fundamentally and dramatically changed from traditional perceptions.

The broad shift away from Defined Benefit pensions, the removal of the default retirement age, the inclusion of Age Discrimination in legislation and the expansion of financial freedoms - all these systemic changes have taken place against an backdrop of generally increasing longevity and healthier ageing, and far greater opportunities for leisure, personal development, communication, and indeed for the nature and concept of "work" itself.

And for an individual that means you need to change the way you think about preparing for your retirement.

Rather than starting from "How much will I have to spend in retirement?" start instead from "How do I want to spend my retirement?". The key here is that there will be a lot of decisions you are going to need to make about what to do with your pension(s), any savings and investments and so on. And making those decisions without considering what you actually want to do with your money in retirement might lead you to make less than optimal decisions. Take a simplified example: a person might be intending to take the maximum 25% tax-free lump sum when they put their pension into payment, not out of an identified need for it but because it's "what people do" with a pension.

But have they actually thought about what they want to do with that money? Do they actually need a lump sum if, for example, they've already paid off their mortgage and don't anticipate having any large one-time expenses they need to cover from their pension pot? Would financing the retirement they actually want to have be better served by leaving that lump sum in their pension, and maybe buying a larger annuity to increase their regular and guaranteed pension income?

Proper preparation for retirement requires thinking about what you would like to be doing, who with, where, and how much it will cost, and what form that cost takes – for example will you have regular spending: regular holidays abroad, season tickets, regular trips to the theatre, club or gym memberships and so on? Or will you have expensive "one-off" purchases like new equipment to help you pursue an interest you love, or to pay for a once-in-a-lifetime super holiday?

Considering the lifestyle **you** want to lead in retirement first and only then taking decisions around your finances so that you can afford that retirement will help you to optimise **your** retirement outcome.

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Note that the government is continuing to introduce further measures to support individuals and families with the cost of living, through a number of financial initiatives. This document summarises, or provides links to further information available up to 20 September 2022.

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