

FINANCIAL WELLBEING

Developing a healthy money mindset

Why is this important?

According to the [Money Advice Service](#), around **1 in 5 adults** say they're drowning in debt and that it's having a significant impact on their mental health. Worrying about money can occupy a significant amount of headspace and can feel really overwhelming. It can also inflate our problems or make them seem impossible to overcome, which perpetuates our worry further.

A common strategy for coping that lots of us end up leaning towards is ignorance and avoidance. If we ignore the problem, maybe it'll go away eventually? Perhaps in some situations, but financially it definitely won't. Getting on top of our financial situation can seem like attempting a Rubik's cube, and so many of us just avoid it entirely.

Whilst everyone's situation is different, a common characteristic of developing a healthier relationship with our finances is getting our **mindset** right. We recently hosted a [Financial Wellbeing webinar](#) considering how people can improve their mindset and subsequent relationships with money. This guide summarises some of the key takeaway messages.

COMMON BARRIERS TO MANAGING MONEY



Lack of Knowledge

A lack of financial education in understanding how to manage money



Debts

Any major debt can make it more difficult to see anything beyond your current situation



Lack of Confidence

The overwhelming number of resources can make people perceive it as difficult and confusing



Not establishing the 'why'

Many of us don't attach emotional meaning to our money goals which can make them seem less important

All of these barriers have solutions, the key thing is your mindset. Knowing our long-term goals and asking ourselves 'why?' increases our motivation and can lead to a more positive mindset.

Limiting thoughts about money

Limiting thoughts are those that have the potential to restrict us. Examples might include "I'll never get out of debt" or "I don't make enough to save" and they can prevent you from developing a healthy relationship with money.

Recognising these thoughts and challenging them is the first step to overcoming them - can you think of any examples of limiting thoughts you hold about your own situation? What is the evidence it's true? Is there a different way to think about it? How can you change it?

In terms of money management, where should people spend more or less time or money?

The main thing is to take control. When we feel out of control and overwhelmed, we experience greater stress levels which will make managing money harder.

A good exercise is if we think about the consequences of our current money management on our long term goals, for example, "if I carry on doing what I'm doing where will I be 1 year from now, 10 years, 20 years..." and so on. Writing it down can help bring it to life and trigger thoughts and motivation to improve the situation.

WAYS TO MANAGE THE STRESS ASSOCIATED WITH MONEY WORRIES



Talk to someone. When you're facing money problems, there's often a strong temptation to bottle everything up and try to go it alone. Many of us even consider money a taboo subject, one not to be discussed with others. Talking to a trusted friend or loved one can often be a relief and can also help you put things in perspective or think in a different way.



Take inventory of your finances. As daunting or painful as the process may seem, tracking your finances in detail can help you to regain a much-needed sense of control over your situation. Go easy on yourself when doing this, don't use this as an excuse to punish yourself for any perceived financial mistakes but focus on the aspects you can control as you look to move forward.



Make a plan and create a budget. You might think about doing this with the help of someone you trust, or an advisor from a free service like the Money Advice Service. They also have a [free budget planner](#) which is a quick and easy to use tool to help you take control of your money.

OUR TOP THREE MONEY ADVICE TIPS:



Build an emergency fund.

No matter how well you plan, there are always things out of your control that can go wrong. If you don't have savings for this, you run the risk of relying on others to help, or worse, falling into debt. Our experts recommend starting with a goal of £500, then £1000 and build it from there. Ideally, you should aim to save enough to sustain yourself for 3-6 months if you were to become unable to work.



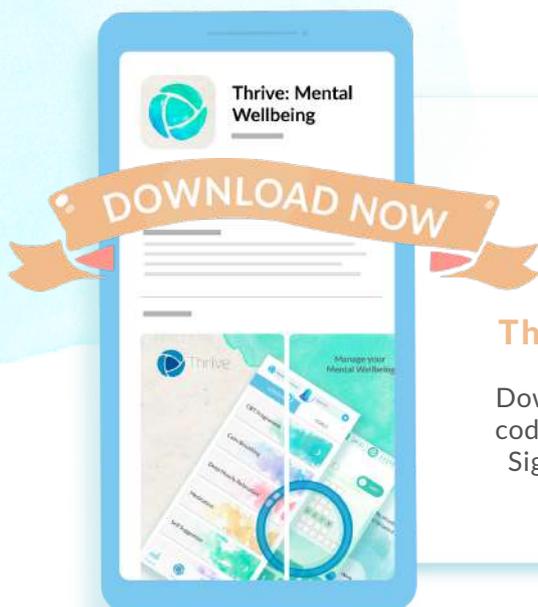
Create goals.

Take some time to think about what you would like to achieve in the long term. **This is your "why"**. In terms of saving money, imagine where you want to be in the future and give yourself a timeframe. Then, work out what you need to get there. Are you on track? If you're not, what changes can you make to bridge the gap? Having clear and personal goals helps us make better decisions when managing money.



Get advice.

Information on money management can be overwhelming and, let's face it, not that exciting! Financial advisors can help you to get a better handle of your situation by providing regulated, expert advice. If you'd prefer a no-cost option, resources like the [Money Advice Service](#), or [Hatch](#) can provide free and trusted financial advice.



Thrive: Mental Wellbeing App

Download the app now by scanning the QR code or via the Apple or Android app store. Sign up using your exclusive access code.

