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MANAGE YOUR MONEY LIKE A PRO



After a difficult year, we asked some of the UK's most trusted financial experts for their best budgeting tips so you can get on top of your cash in 2022

Christmas is the time when we look forward to treating ourselves and our loved ones to a few little luxuries, and enjoying some of the money we've worked hard to earn all year - and this year, more than most, it feels like a much-needed boost! However, rising food, energy and petrol prices, along with a record number of redundancies and predictions of inflation spiking at 5% in the spring, have shaken many people's sense of financial security. Research organisation GfK's monthly consumer confidence figures for October 2021 show a drop in the nation's positivity about its personal finances and a consensus that retail prices will continue to rise. All the more reason to better manage your festive spending and safeguard your financial health in 2022. To help, we asked a panel of experts for their best money tips and tricks...

OUR EXPERT PANEL



CLAER BARRETT
The FT's consumer editor and presenter of its *Money Clinic* podcast.



EMILIE BELLET
Founder and CEO of digital platform Vestpod, author of *You're Not Broke You're Pre-Rich* and host of *The Wallet* podcast.



CAROLINE SIARKIEWICZ
Chief executive, Money and Pensions Service.



MAIKE CURRIE
Investment commentator and director at Fidelity International.



ALVIN HALL
Financial educator, broadcaster and host of the podcast *Driving The Green Book*.



BOLA SOL
Finance coach and author of *How To Save It: Fix Your Finances*.



ANNE BODEN
Founder and CEO of Starling Bank.



Q What's your best advice when it comes to staying in the black?

ALVIN 'The key to setting and sticking to a budget is keeping it simple. Some expenses are fixed and may be paid automatically. These are easy to budget for. Other expenses vary. It's this latter group that requires emotional discipline to handle responsibly. Set limits that 1) you can carry around in your mind as reference points; 2) keep you from accumulating debt; and 3) you can stick to.'

ANNE 'I'd recommend "decluttering before you decorate." Before you buy new trinkets, make sure you know what you already have. One of the biggest reasons households get into financial trouble is by ignoring facts. Once you

know what you have available to spend, enjoy it. Balancing the books shouldn't be a chore that you dread.'

CAROLINE 'Write everything down. It can be helpful to put this on your fridge, where you can see it, so when you're thinking about making a purchase, your budget reminds you of your goals. For me, it's about finding an incentive that will motivate me to stay on track.'

EMILIE 'Start by looking over three months' worth of bank statements and checking where your money goes. It's best to split your expenses into three categories: essentials (rent or mortgage payments, debt repayments, utilities, insurances, groceries, school fees, transportation...), savings, and lifestyle expenditures (everything else, from restaurants to holidays).'

CLAER 'Many banking apps have tools that automatically analyse the money coming in and going out of your account, categorising different types of spending. If yours doesn't, the free Google Sheets app has a customisable budgeting template. Seeing what you spend on Ubers, Amazon or Deliveroo can be a jarring experience.'



Listing essentials can make you think twice about your spending

Q What's the best way to build up savings?

EMILIE 'Once you've looked at where your money goes, you need to figure out whether there's a way to add to your savings by reducing certain expenses, such as cancelling subscriptions or renegotiating bills. The 50-20-30 budgeting plan, which splits your budget into needs, savings and non-essentials, is a useful guide.'

BOLA 'For two weeks after you get paid, pretend you haven't been. Once two weeks pass, spend on non-essentials and see how you feel about them then. It teaches you delayed gratification and shows you that you're stronger than you think.'

CLAER 'In lockdown, many of us saw how quickly we can amass "spare money" if we keep a brake on spending. But it doesn't happen by accident! You need to see where the money is going to be able to make conscious choices. After your fixed costs, what do you have left each month? If you leave it in your current account, it's going to get spent. But if you set up a standing order to transfer cash to your savings account the day you get paid, you'll learn to live without it.'

ALVIN 'Knowing the difference between "want" and "need" has always been key to good money management, especially controlling spending. The pandemic has reminded people of one of my core beliefs: "Cash in the bank is your best safety net, not objects in your closet." A good financial safety net is one of the chief contributors to our wellbeing. It's something that, with self-discipline, we can each give ourselves.'



Q What money savviness and tips did you learn at your grandmother's knee?

ANNE 'There was a family joke that my grandmother's hobby was writing letters to the Tax Office, because she wrote so many on behalf of friends. Her real hobby, however, was collecting money-saving advice from newspapers and magazines. She'd clip out relevant sections, then stick them in a huge black ledger. I was fascinated by this book. I'd pore over the pages of cuttings, and I suspect this shaped a lot of my thinking about money. The clear message was not to spend what you can't afford and, where you can, make do and mend.'

CAROLINE 'I was always taught the benefits of bulk-buying, and how it can help your budget stretch, especially in winter. If you buy a 25kg sack of potatoes, it won't cost much more than a small bag and will go a long way.'

CLAER 'I can remember my parents (and grandparents) putting money in envelopes to budget for different spending. I have a vintage thrift box from the 1950s (similar to one my nana had) that has five slots for rent, food, holidays, insurance and children's clothes. I got mine on eBay. Digital banking accounts mimic the same techniques. Most offer "bank accounts within bank accounts" to separate different savings needs.'

ALVIN 'My grandmother and mother set a fixed amount of money they would spend on everything for the holiday season, from the tree to the food. They even included money they'd give to our church and charitable causes. They never changed that amount, no matter what.'

MAIKE 'My grandmother was a 1950s housewife who relied on her husband giving her a monthly allowance for household expenses. However, she kept aside a slice of that "allowance", which she was brave enough to invest in the stock market. I remember her checking her stock prices in the newspaper. It showed me women can be investors, regardless of their profession, level of wealth, knowledge or confidence.'



BUILD A BETTER RELATIONSHIP WITH YOUR MONEY



Psychologist and relationship coach Susan Quilliam shares her tips.

- 1 'Don't bring unrealistic emotions to an accountable situation. Balance out your emotional drive to spend by asking yourself, "Do I have enough in the bank?"'
- 2 'Be aware of the ways you're rewarding or punishing yourself with money. For instance, there's a tendency to say, "We've had a rubbish 18 months; let's splash out!" But when you get to January, you need to be able to hold back.'
- 3 'We all have inner money conflicts. If you're an extreme spender, remind yourself to focus on the saving side of you. If you never miss a chance to save, look at your motivations for this and remind yourself you can spend more when you want to.'
- 4 'There are very few of us who aren't motivated by someone holding our hand and doing things with us. If you have a trusted friend or family member, ask them to sit down and help you get financially organised for one hour a month.'



Q What's your cleverest money-saving action ever?

ANNE 'Buying things at a discount. When I find something I like, I take a note of the details and wait until the shop has a sale.'

ALVIN 'Save first and view that money as sacrosanct. Don't touch it, except in dire emergencies. I create or thoughtfully select my enjoyment using the money I have left after I've saved and covered my non-discretionary monthly costs.'

CLAER 'Remortgaging my flat at a rock-bottom rate. I estimate this has saved me about £40,000 over the years. Millions of people pay way above the odds as they roll off their lender's fixed rate on to a higher one. Switching can save hundreds of pounds a month and shave years off your mortgage term.'

CAROLINE 'Paying into my pension. I make the most of extra contributions from my employer and utilising the tax relief that's available for pensions savings to make sure my money goes further.'

EMILIE 'Investing. Start with anything you can afford to put away for the medium to long term. This can go into a pension or Stocks and Shares ISA. Platforms are able to do the investing on your behalf. Once you're comfortable investing money, you can change your platform, strategy and the amount you invest. Early investments can give impressive returns over time.'

BOLA 'Negotiating. I speak to a company about the services I want, then let them know another company is offering the same services for a better price. I often end up with the lowest price possible.' □

Q What advice do you have for embracing financial technology?

EMILIE 'I have all my banking apps on my phone and check them regularly. I mostly go out without a wallet and only carry my phone, which has all my payment cards stored on it. I have my payment notifications switched on, and every time I spend money on something, it gets added into a budgeting category that I can later track.'

BOLA 'Money Dashboard is a really handy app for managing your finances and having visibility over your spending, saving and budgeting.'

ALVIN 'The way people handle and think about money is deeply personal - and often deeply emotional, too. Try three or four apps to see which one suits you and feels right. Simplicity and clarity are key to choosing a money management app that you will actually use.'

MAIKE 'I access my regular bank account, my workplace pension and my Stocks and Shares ISAs via apps on my phone. They're all in a folder called Finances, so there's really no excuse to bury my head in the sand. Face recognition is all I need to get a quick rundown of how my investments are doing and whether my monthly spending is on track.'

4 WAYS TO ORGANISE YOUR MONEY starting now!

- Work out how much you spend each month using MoneyHelper's online budgeting planner tool.
- Get a banking app that separates savings from your current account. Starling Bank calls them Saving Spaces, Monzo calls them Pots.
- Use your bank's round-up service to move 'digital spare change' from your everyday banking transactions into a specific savings pot.
- Activate payment notifications on your phone's banking app to keep track of your contactless payments.



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