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Financial wellbeing framework

Step 1
Take control of your finances

Create a budget that works for you

- Find a strategy that works for you and that you can stick with over time

Maximise your workplace pension's matched savings allowance

- Take advantage of opportunities to get a head start on your long-term finances

Pay the minimum on all your debt

- Pay at least the monthly minimum(s), as this will reduce costs over time and improve your credit score

Pay down high-cost debt

- Save money by paying off high-interest debt like credit cards and buy-now-pay-later schemes, which in turn will help free up cash flow for other goals

Step 2
Prepare for the unexpected

Set up emergency savings for unexpected expenses

- Maintain at least £2,000 in cash for unplanned spending shocks

Build up a contingency reserve in case of job loss

- Have about 3–6 months of expenses in readily accessible investments

Evaluate your insurance needs, coverage, and costs

- Consider whether you have adequate life, health, home, vehicle and travel insurance

Get your legal documents in order to ensure that your wishes are realised

- Establish your will(s)
- Name your beneficiaries
- Designate a power of attorney

Step 3
Make progress towards your goals

Increase your savings and make the most of tax-advantaged accounts

- Examine tax-efficient savings options to help fund the costs of retirement, including: ISAs, SIPPs and workplace-sponsored pension plans
- Explore savings options for future expenses, including: family, health and higher education

Flex with taxable accounts

- Put away additional retirement savings beyond allowable limits
- Use for goals other than those covered by your tax-advantaged accounts

Consider paying off lower-cost debt

- Evaluate your comfort level towards your outstanding debt and liquidity needs

Set a strategy for your charitable giving

- Think through the benefits, timing, and amount of your gifts
- Explore available ways to have the most impact

Source: Vanguard.

Investment risk information

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

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