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Rising cost of living crisis

3 tips to maintain your financial wellbeing

The rising cost of living is one of the most pressing issues facing many families today. The price of food, energy, fuel and other necessities has risen significantly in recent months. This has made it difficult to make ends meet and has put a strain on many household budgets.

Planning for the rising cost of living can be a challenge, especially if your income isn't keeping up with inflation. As many people feel the squeeze as the cost of essential items continues to increase, there are a few important things to consider to maintain your financial wellbeing.

1. REVIEW SPENDING

The rising cost of living can be a real problem, especially if you're not mindful of your spending. Going through your spending with the finest tooth comb can help you find areas where you may be able to cut back, and save money in the long run. Keep an eye on your budget and make adjustments as necessary to ensure that you are aware of your outgoing costs and can adapt your spending accordingly. Being able to see exactly where your money's going will help you to pin down where you can make savings and cuts.

Ask yourself: What's coming in and going out? Can I get something for cheaper? And (often the hardest of all): Do I really need that? Look at the money you have coming into your home – whether that's just you or with someone else. You want to look at every single thing that's going out (there may be a lot more than you think).

2. EMERGENCY SAVINGS

When it comes to financial security, one of the most important things you can do is to keep emergency savings aside for when you need them. Having a nest egg that you can tap into in times of need can help you weather a storm. One method is to create a dedicated savings account that you only use for this purpose. This way, you can easily access the funds when you need them but they remain out of reach for everyday spending.

Aim to build up enough to cover between three to six months' expenses, or as much as you can afford. The best thing to do is make room for your savings in your budget as one of your outgoings. By doing so, it'll help you see your savings as a must, rather than a must-do-later. And if you can, set up an automated payment from your normal bank account straight into your savings account – that way you don't even need to think about it.

3. PENSIONS AND INVESTMENTS

As many people across the country are feeling the squeeze of a cost of living crisis, it's more important than ever to make sure your finances are in good shape. One way to do this is by making sure you don't touch your pension or investments. While it may be tempting to dip into these savings to help

make ends meet in the short term, it's important to think about the long-term impact this could have on your retirement plans.

Drawing down on your pension or selling investments could leave you worse off in the long run, so it's important to consider all of your options before making any decisions. Consolidating your old pensions into one could help you cut down on management fees and give you a better picture of how your finances are looking. But before transferring your pensions it is essential to obtain professional financial advice. ■

DON'T FORGET YOUR LONG-TERM FINANCIAL SECURITY

It's important to think about the long term when it comes to your finances. Making short-term decisions could jeopardise your long-term financial security. To discuss your situation or plans or for further information, please contact us.

