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## **Season 1. Taking more control of your money**

### **Episode 2.**

## **Creating smart, sustainable spending habits**

Hi there, Jason here and in this video, we'll explore ideas for taking control of our spending. And let's be honest, most of us need help with this at some time in our lives. Now, I realise that for most people this is an incredibly boring subject so, let me make you a promise up front. I'm not going to suggest that you stop all your spending on having any fun. No. This plan is about having more fun throughout your life, simply by finding and cutting out any waste from your spending today.

The truth is that most of us face the same challenges around money and they come in three parts. First, we need to provide ourselves (and those who depend on us) with the basics of daily living. So, that's the food and clothes and the roof over our heads and all our essential bills too.

Second, we really do need to save for those rainy days and to have the option of doing less work in the future. And if we have other financial life goals for ourselves or our loved ones we'll probably want to save for those too. Finally, we'll want a plan that leaves something for us after paying for all that other stuff to have some fun and the occasional treat today.

So, the challenge we all face is to balance these demands on our money with what we have coming through the door. It depends on what we have saved to begin with and on our capacity to save right now. But the good news is that this balance is possible with much less pain than many will tell you. You just need to know where to start.

Now, as you might remember from the previous insight, if we want to make a significant change in our lives, it really does help if we engage our emotions in that change. And a powerful way to do this with our spending is to take some 'time out' to think how our current habits could affect our future choices for ourselves and those who depend on us. Now, I won't pretend that this is an easy exercise. It's not. And if you're in any way stressed by the prospect, please skip this video now and

check out the help tab on the Salary Finance website, to access some personal support. The people there are very helpful.

Otherwise, if you're happy to continue have a think on that question for a while. Jot down your thoughts on how your current spending could impact your future life choices. Write down any ideas you have of small changes you could make, without too much trouble, to make a start on a better plan. Then focus your mind on the positive impacts the benefits to you and to others you care about of having more control of your spending.

Remember, that if your spending is a challenge it might take a while to control. Rome wasn't built in a day and no one masters their spending in a day either. So please don't look for perfection when jotting down your thoughts. You can always build on these later when you've had more time to think. And when you've watched more of the money Insights videos.

Okay, so if you've captured some thoughts on why you want to change your spending (if you need to at all) and you're ready to make a start then the final two steps are relatively, quite simple First, draw up a plan of how you want to spend your income, item by item, in the future. Then find a way that works for you to keep your spending in line with your plan.

In my smart spending system, I suggest having a separate bank account to keep a lid on your spending on those non-essential, luxury items. This picture shows how that works, but there are more ideas to help you plan and control your spending on the Salary Finance financial education website. And please build in some rewards for yourself as you progress towards your goals. Changing our spending behaviour is no easy task and we're all human and it won't help to beat yourself up over this or any other life challenge. We all have an occasional step back when we're stretching to take several steps forward.

And here's one final thought. Changing your spending, like changing any habit, can be a scary thing to do. And it will help you a lot if you have the support of those you can trust. So, think about who you might tell about any plans that you make for changing what you do in this area. The more people you have on your side the better your chances of success. And I certainly wish you every success with this.

I look forward to seeing you again in our next Money Insight video. When we'll explore the best way to avoid ever having to rely on those horribly expensive emergency loans. See you back here when you're ready next time.

**End**

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