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Season 2. Building personal wealth

Episode 4.

Getting on track with your financial life plans

Hi there. Jason here. And in this Money Insight we'll start to explore your options for getting on track with your financial life plans.

So far, in this season you've learned a simple process for drawing up your financial life plan. From developing your ideas for what you want in life, to checking if you're on track to achieve those goals. Adjusting your plan as necessary to get on track and stay there. Insuring against unpleasant and unexpected events. And finally, taking action on what you've decided to do in your plan. We've also seen how you could drastically reduce the cost of any long-term goal through the magic of compound investment returns. Now, we'll start to focus on the third step in that process: to look at how you could adjust any of your financial goals to improve your chances of achieving them.

So, what could you change in your financial plans to boost your chance of success? Well, that's a big question when you dig into the detail, which we'll start on in the next money Insight. But for now, let's keep this 'high level' and focus on your three big options. Simply put, to get most financial plans on track you can either: downgrade your goals, save more towards them, or make smarter investment choices, or any combination of those things.

So, let's look at option one, downgrading your goals. Of course, you can usually make a financial goal fit with the funds you have available by downgrading the value of what you're aiming for, or by delaying the target date you set for it. But, whilst many of us might need to cut back on dreams of exotic holidays every year in retirement, it's really not going to be fun if you have to delay your escape from work for many years into the future. What's more, you may have some goals, like providing some money to help a child through university or college, where delaying is simply not an option. You can hardly ask a child to delay their studies whilst you save up enough to support them. And you may have other financial goals that

you're keen to see happen on time as well. So, let's look at better options for getting on track with your important life goals.

Now I realise that 'saving more' is a lot easier said than done. And very few people earn enough to save lots of money in each and every year throughout their working life. We all know that there are lots of demands on our money. However, it's also true that few of us are disciplined enough to increase our savings, even when we have plenty of capacity to do so. There's always something more interesting to spend our money on today, rather than saving it up for those rainy days. And we often allow our spending to expand and use up any extra income we earn.

You may remember in the first season of Money Insights, we talked about how to fight back against the psychological games that advertisers play on us to get us spending all our money today. And how our best protection is to fight those advertisers with the same emotional weapons that they use against us. That is, by focussing our minds on the emotional benefits of achieving our life goals. Whether that's building up a fund to support a child through college, or building a fund for ourselves, to escape from work in the future. We need to think about how we'll feel when we reach our big financial goals and how we'll feel if we don't. Only then will we 'buy into' and commit to the idea of saving enough for the long term to achieve what we want.

That said, just pouring a lot more money into a savings account is seldom the best way to reach your target funds. And, as we saw earlier in this series, you could easily waste twenty or thirty, or even fifty per cent of your money if you only use bank accounts for your savings. So, you need to look at other investment options. And, you need to check the right things about those other options, so you have a good chance of making the right choices.

In the next Insight we'll outline a 6-point checklist to help you do exactly that. So see you back here when you're ready for that. All the very best.

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