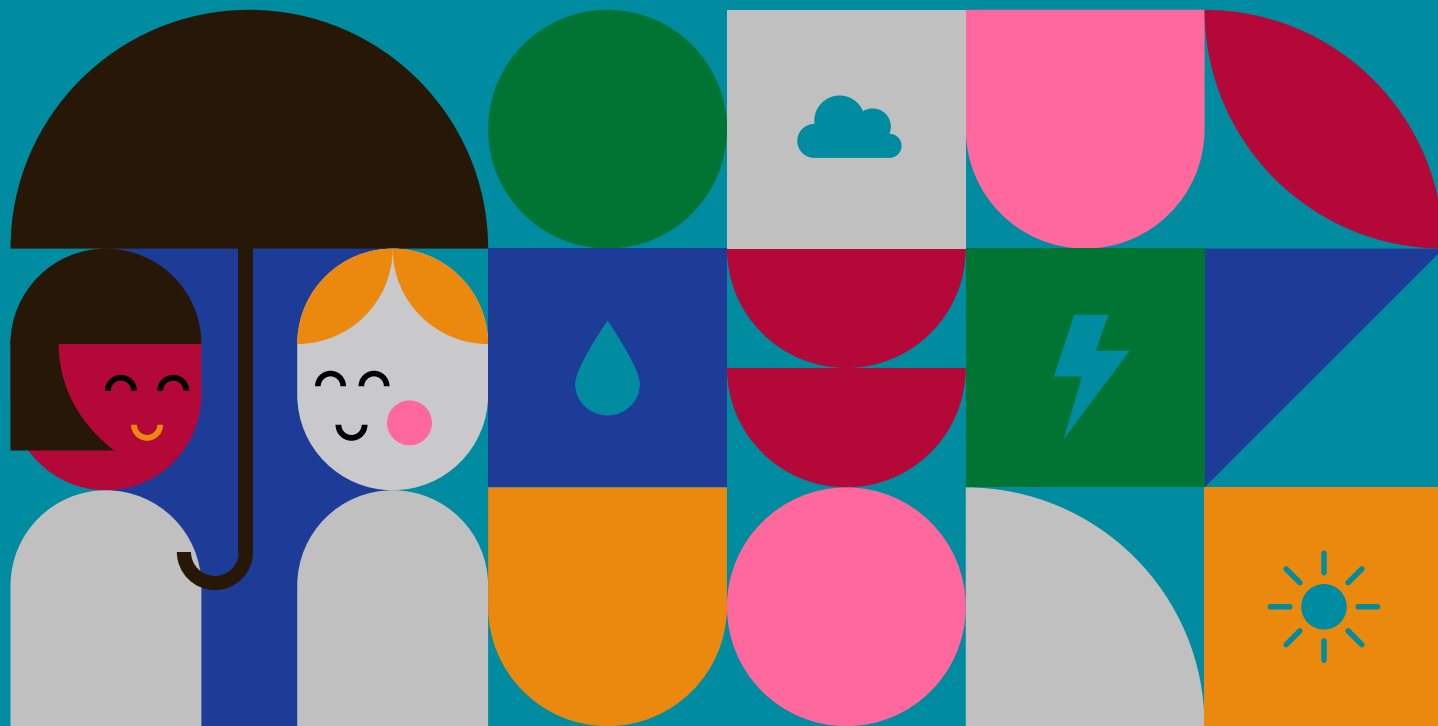


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Expect the unexpected



Financial wellbeing for uncertain times

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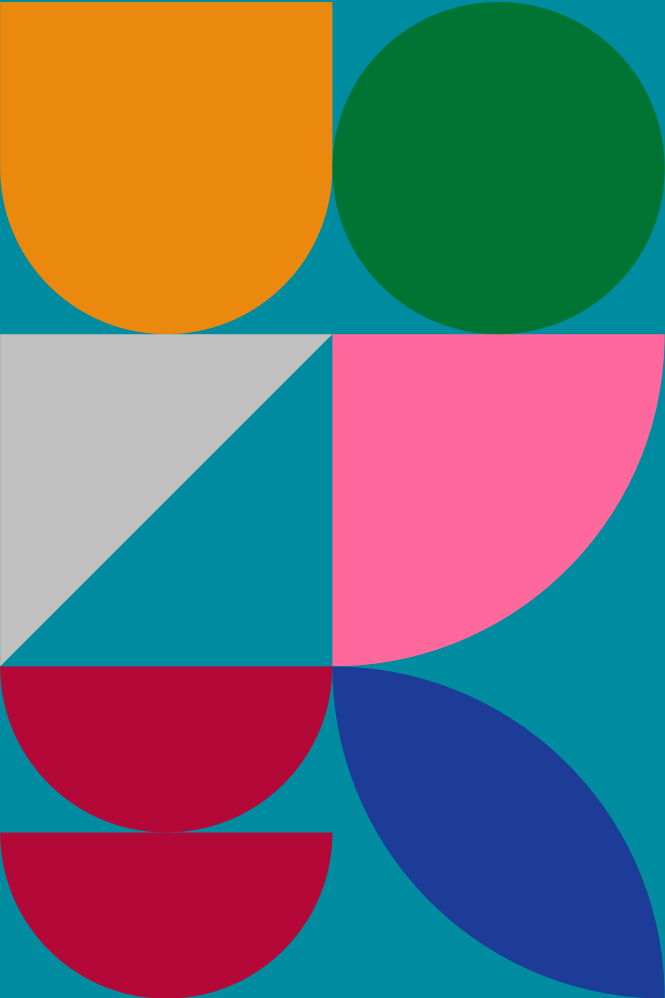
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Resources



Introduction

Just when you think you've got everything figured out, the world takes an unexpected turn. In light of recent events, the future might seem less certain than ever... but the future has always been uncertain. It's unexplored territory. No one can give you a map, because no one's ever been there.

No matter what challenges lie ahead, mastering your money will help you face the future. Of course, we're not saying money will make everything better if you're going through trying times.

Money can't comfort you when tragedy strikes, but when you've mastered your money, you've got one less thing to worry about. If you build your financial wellbeing, you'll be better equipped to deal with difficult times. You'll find options open to you that might otherwise be closed.

This little booklet isn't a "how to" guide about what's going to happen. It won't give you step-by-step instructions for your future, and it certainly won't eliminate the uncertainties that the future holds. Our goal is to provide you with information and guidance for the here and now: things you can do today, which will help you deal with difficult circumstances tomorrow.

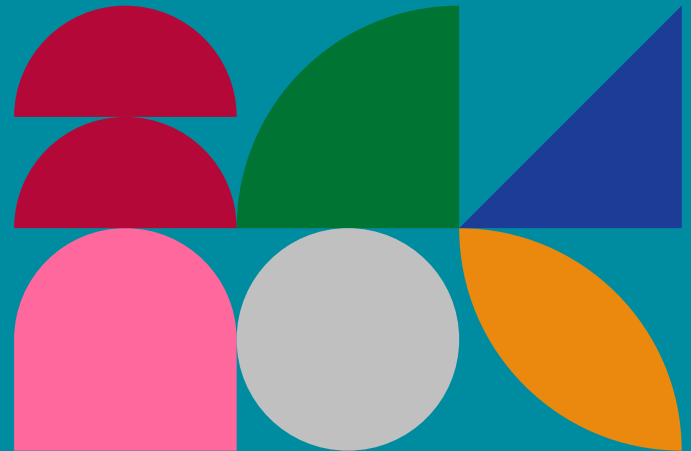
In **Clear and cloudy skies**, we'll take a look at economic ups and downs and why they happen. Then, in **Steering through the storms**, we'll talk about financial flexibility and resilience. These foundational principles of financial wellbeing will help you sail smoothly through uncertain times.

After that comes **Ship shape condition**, where we go into the nuts of bolts of building your financial wellbeing. We'll cover creating a budget, building an emergency fund, insuring your stuff, and investing to grow your wealth.

Finally, in **Staying afloat**, we cover common financial challenges and how to face them — including sharing the load with a support network, dealing with debt, and finding financial assistance.

Not everything you read here will apply to you, depending on your circumstances, but you're sure to find some valuable advice in these pages. At the end of the day, you're the only one who knows your circumstances inside and out, and you're the only one who can make decisions about your own future.

We'll do our best to equip you with the information you'll need, but when it comes to preparing yourself for what lies ahead, there's only one expert: you.



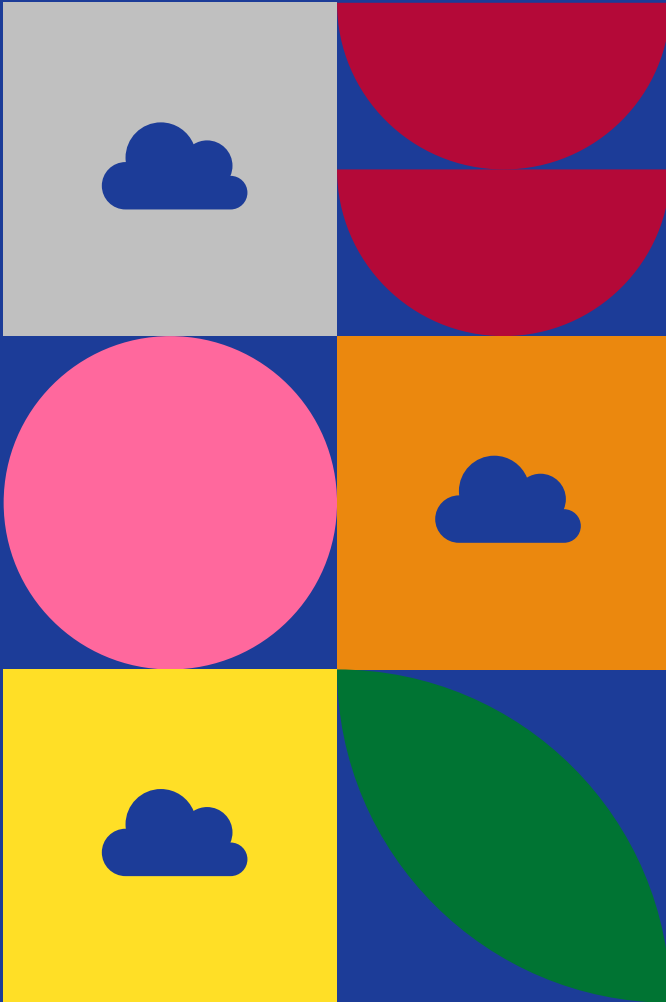
Clear and cloudy skies

Economic ups and downs

We're all familiar with economic ups and downs. Sometimes, the sun is shining, the market is booming, and people are splashing cash left, right, and centre. Then there are times when the skies are gloomy, the outlook is bleak, unemployment is high, and everyone's tightening their belts.

Sometimes these ups and downs are easy enough to understand. In the midst of a pandemic, for example, or a natural disaster like a wildfire or a flood, it makes sense that the economy isn't flourishing.

The better we understand why this is, the better prepared we'll be for whatever lies ahead — the good times, and the bad. So, what are the driving forces behind these economic ups and downs? What's really going on behind the scenes?



Consumption is key

If there's a single foundational fact about the economy, it's that **the economy is driven by consumption**: by consumers, companies, and governments spending money.

When someone spends money, someone else gets paid. When you buy groceries, the grocery store makes money. When a business stocks up on stationary, they pay a stationary store. When a government builds a hospital, that's how building contractors earn their crust.

When someone is paid, they'll go on to spend the money they earned. In doing so, they pay someone else. The grocery store spends the money they earned to pay their employees. The stationary store spends the money they earned to pay their supplier. The building contractor spends the money they earned to hire assistants.

Then those employees, suppliers, and assistants spend the money again — on and on it goes. Money circulates through the economy, and people make investments, businesses grow, and governments build infrastructure and pay for services with taxes.

The sun is shining. The sky is clear and blue. These are the good times, when we have **economic growth**.

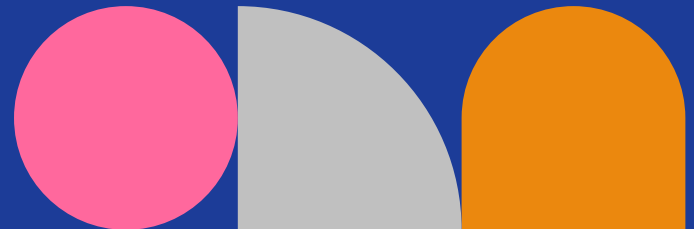
Consumption and contraction

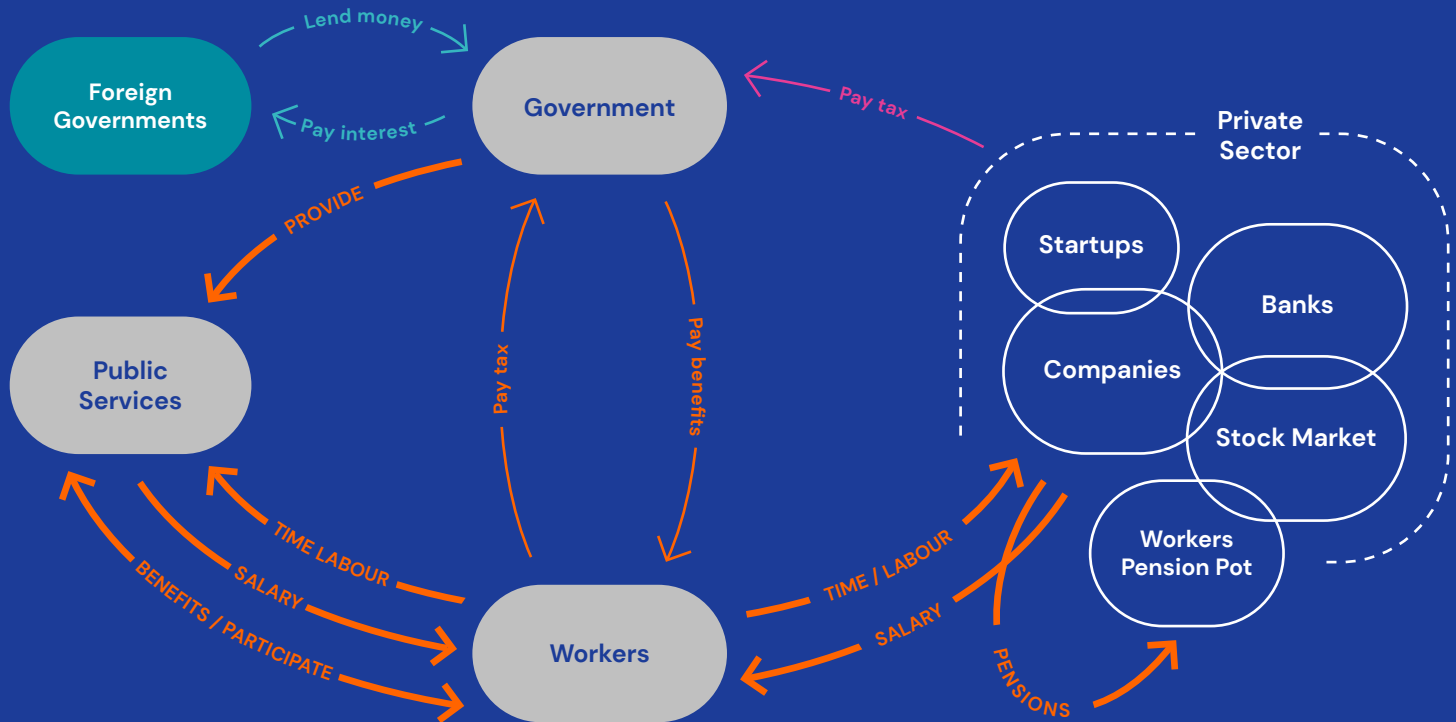
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It all seems simple enough — an ongoing cycle of spending, earning, and spending again. As long as the wheel keeps turning, everything runs smoothly.

If people start spending less money, the wheel begins to slow down. That's when we get an economic contraction. Consumers spend less, businesses earn less, and jobs start getting cut. When jobs are cut, people run out of money to spend — and when people spend less, businesses earn less, and... well, you can see where this is going.

On and on it goes, in a cycle which is called **negative economic growth**. Clouds gather on the horizon, and the sky turns grey.





Recession

When a cold wind blows, we grab a coat. When storm clouds gather, we reach for an umbrella. We all make decisions based on our circumstances, and when circumstances turn against us we're more inclined to hold onto our money. Just in case we need it for something important, like a medical emergency, keeping up with the rent, or for stockpiling too roll.

Besides, we might not be able to spend our money even if we wanted to. A natural disaster might confine us to our homes — or a national lockdown could shut down pubs and restaurants.

As time goes on, and an **economic contraction** persists for two consecutive quarters — that is, for six months or more — it's defined as a **recession**.

The recession we're currently seeing, as a result of the COVID-19 crisis, is the 7th recession in a century. The last recession, in 2008, shook the credit markets and saw house prices drop. The results of the current recession remain to be seen.

Dealing with a recession

During a recession, people often find themselves without much money to spend. It makes sense, then, why governments sometimes respond by injecting funds into the economy. This is called an **economic stimulus**.

The idea is to get people spending again, so the money goes from consumer to company to employee and so on, stimulating economic growth. The idea is that the money spent on the stimulus will result in even more wealth being created, more than was originally put into the economy, in what's called a **multiplier effect**.

The goal, then, is to get people spending again — to start the wheel turning once more, and to return to times of economic growth.

This is a very broad overview of a very complex topic, but it should serve as an introduction to some important concepts — and provide some context on the economic ups and downs we all face, and help us prepare for and deal with them when they come.

Steering through the storms

Foundational principles for financial wellbeing

The future might be uncertain, but financial wellbeing is all about your attitudes and your mindset — and you can start working on that straight away.

So let's walk through the mindsets you can develop to help you adapt to whatever the future holds. By developing your financial flexibility and resilience, you'll be ready to change with changing times.

If you start putting the work in now, you'll be ready for whatever comes next.

Planning for future success

It pays to plan ahead

When preparing for the future, you have to set goals and plan ahead. When you plan for the what, it helps you take care of the how. Plus, having a plan will help keep you motivated. You can get started by considering some common financial goals, like paying off your debts, or building an emergency fund.

Once you've decided on your goals, be specific. If your goal is to pay off your debts, how much do you need to pay off, and how much can you afford to pay each day, each week, each month? If you're saving up for an emergency fund, how much would it take to have 3-6 months of expenses put away? How much can you afford to put towards that goal, and how often?

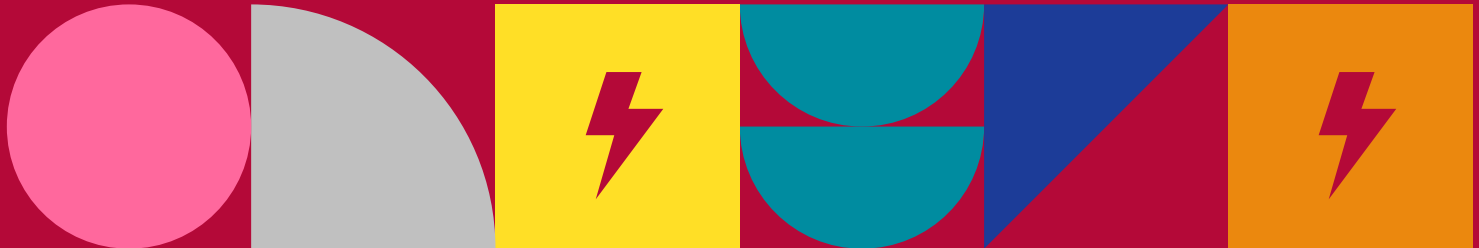
Facing reality

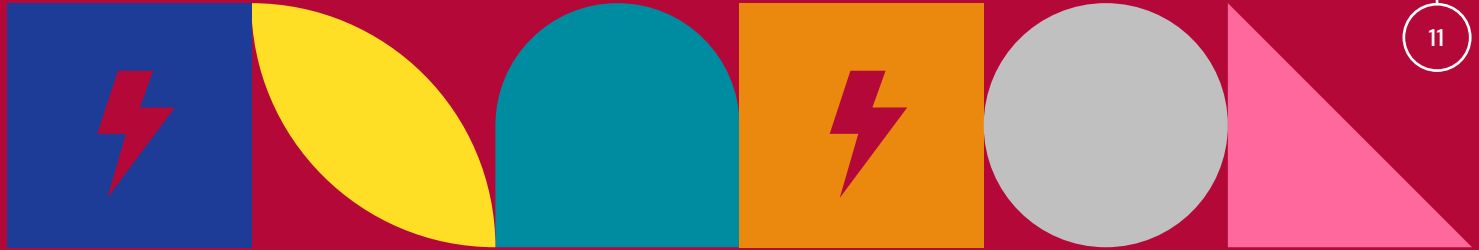
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It is what it is

As you build your financial wellbeing, be prepared to face some uncomfortable truths — especially if your financial situation isn't what you want it to be. You might need to think about medical emergencies, losing your job, a family crisis, or the thousand and one other things that could go wrong.

It's tough emotional territory. No one likes dwelling on the negatives, but the only way to move forward is to be honest with yourself. Accepting the way things are, even when it might seem negative, is really a positive thing — it's the first step towards finding solutions.





Building resilience

In it to win it

This is the tricky one: once you have a goal, and a plan, stick with it. You might come across unexpected circumstances that throw you off track, but that doesn't mean you can't get back on top of things. Don't expect perfection from yourself, just keep your eyes on the prize.

Building resilience means being honest with yourself. Be realistic about what you can achieve. We're not saying don't dream big, but you've got to walk before you can fly — so take it one step at a time.

Staying flexible in the face of change

Bend, don't break

When things change, reassess your goals. It's no sign of weakness — **no plan survives first contact** with the enemy, told us Moltke, a Prussian general in the mid 19th century. We're only human, and the world is full of things we can't control.

Flexibility is all about trade-offs. Sometimes, there's no single solution — only pros and cons. Were you setting money aside to invest? If your income isn't what it used to be, maybe some of that money could be better spent on your essential expenses. Were you saving up for a holiday? If you're facing unexpected expenses, you might want to postpone that trip for a later time.

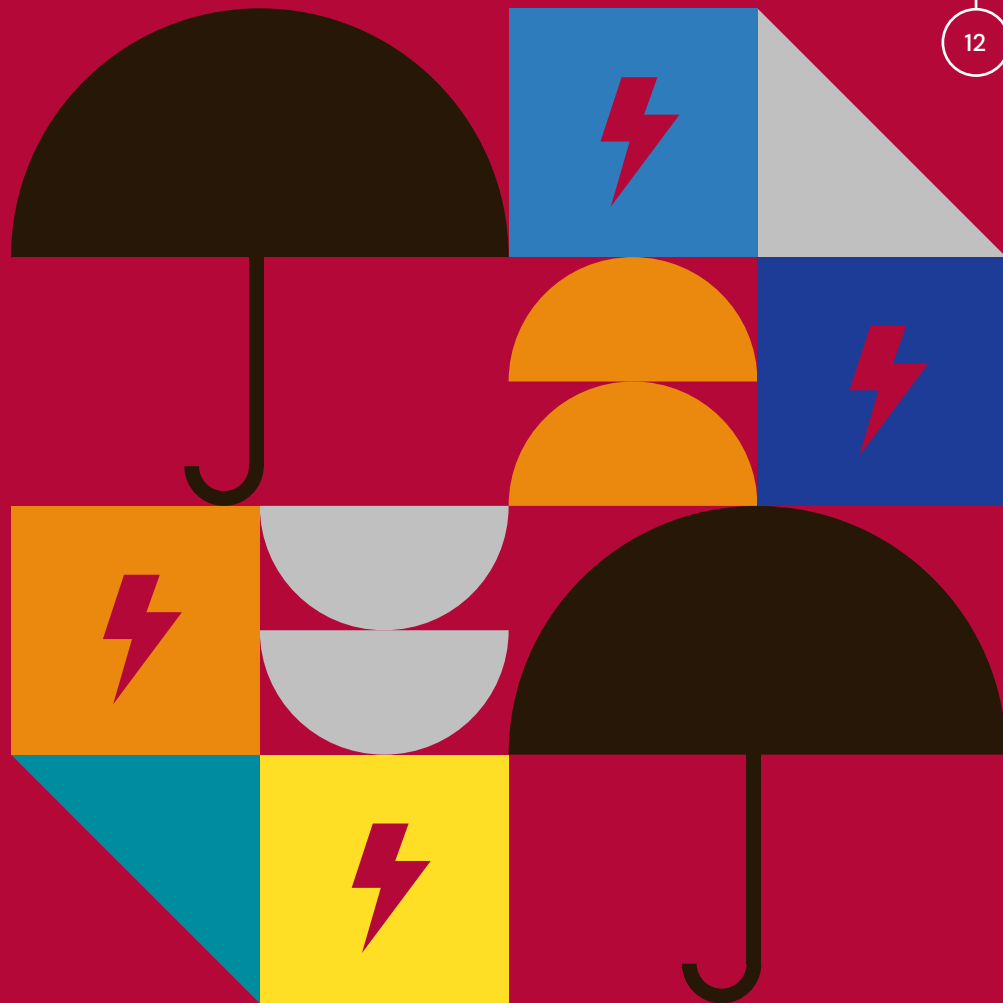
Taking action

Actions speak louder than words

When you know what you want, and you've decided how to get there, there's only one thing for it: taking action.

Nothing gets done unless you put the work in. Things can go wrong, even when you don't deserve it — things can go right, even when you haven't earned it.

But when you're working towards your goals, the only thing that matters is how you choose to act — because your actions are the only thing you can truly control. Stay focused on what you can do, rather than dwelling on what you can't.



Ship shape condition

Building your financial wellbeing

If you want to brave the stormy seas ahead, you'll need to make sure your finances are in ship shape condition. When you take care of your financial wellbeing, you're in a better position to handle whatever might come next.

That means planning ahead by **Creating a budget**, preparing for difficult times by **Building an emergency fund**, and managing risk by **Insuring your stuff**.

Creating a budget

A budget is a plan for your money. You map out your income and your expenses, make sure it all balances, and then you just have to stick to it.

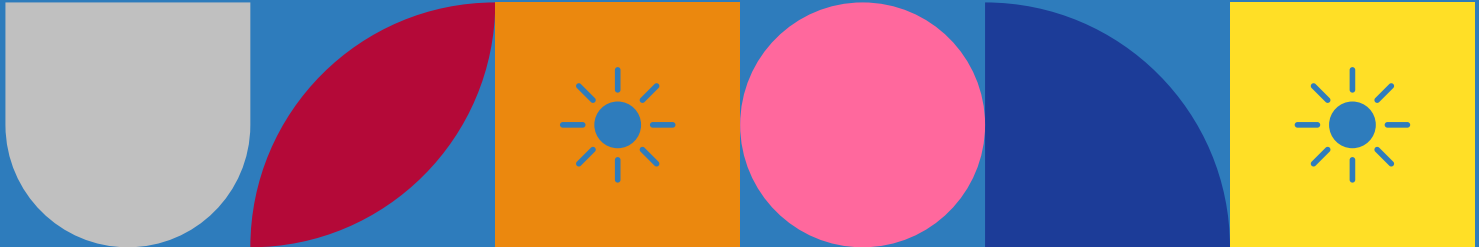
When you've got a budget, you'll have a better idea how you're tracking. You'll know how much it takes to make ends meet, and you'll have the peace of mind that comes from being prepared.

You'll also find it easier to make adjustments to your spending, if need be, because you'll have a clear overview of where your money is coming from, and where it's going.

Set aside an hour or two — *It'll take about that long to set your budget up for the first time.*

Figure out what length of time your budget is going to cover: weekly, fortnightly, or monthly — *It can be helpful to keep a budget based on how often you get paid, but if your money comes in lump sums from student finance or other less frequent payments, it might be best to keep your budget monthly. Any longer and it becomes more difficult to deal with.*

Write out your income and your expenses — *If you're keeping a weekly budget, write down how much you have to spend that week — or for the fortnight, or the month, if you're keeping a fortnightly or monthly budget. Write down what expenses you have to pay in that week, fortnight, or month.*



Break big expenses down into “chunks” — For big expenses that you pay less frequently, break them into smaller “chunks”. List the “chunks” as weekly, fortnightly, or monthly expenses. Put that amount aside each time, so you have enough to cover the expense when it comes.

Compare your income and your expenses to find out if your budget balances — If your total expenses are equal to your total income, then your budget is **balanced**. If your income is higher than your expenses, you’re in **surplus** — but if your expenses are higher than your income, you have a **deficit**.

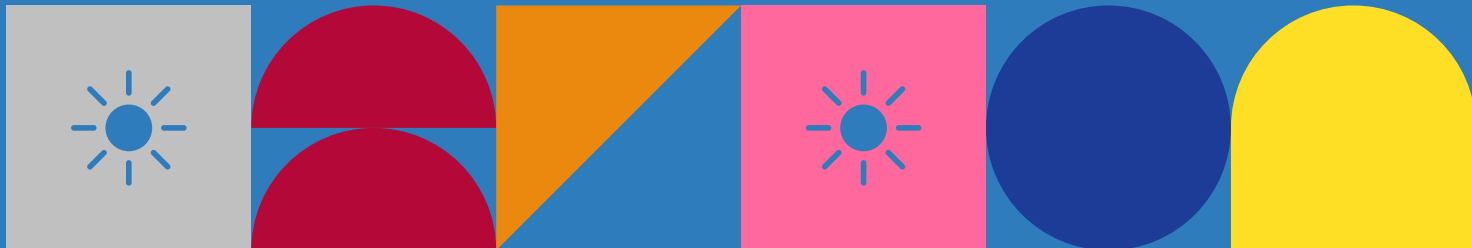
If you have a **deficit**, you might need to find ways to reduce your spending, like eliminating unnecessary expenses, identifying cheaper alternatives, or looking

into ways to increase your income. If that still doesn’t help, you might need to look into what kind of assistance is available — we talk about this later, in Chapter 5.

Staying afloat.

If you have a **surplus**, you can start paying off your debts faster, putting money aside into your savings, or building yourself an emergency fund.

There are a lot of different ways to keep a budget, like the envelope method, the 50/30/20 budget, and others. For details on these different budgeting methods, and for more information about how to create a budget and how to stick to it, check out Blackbullion’s **Budgeting Pathway**.



Creating an emergency fund

Prepare for the worst, hope for the best

Once you've got your budget up and running, you can start to plan out your financial goals. A great budgeting goal to start with is to build yourself an emergency fund.

A quick note — if you have debts, focus on paying them off first. There's no point saving while your debts are accumulating interest. We talk about this in more detail in Chapter 5. **Staying afloat.** (This doesn't include your student loans, which you won't have to pay back until after you graduate.)

Life is full of ups and downs, many of them unexpected. No one can be ready for everything, but we can be ready to adapt to changing circumstances — whatever they might be. An emergency fund can cover your costs and keep you afloat in troubled times, and help you keep your options open when dealing with difficult circumstances.

So, how do you go about setting up an emergency fund?

First things first: Create a budget — *This point is worth repeating, because budgeting is so important. Having a budget is the essential first step to building financial wellbeing. Building an emergency fund is a long term goal, so you need to have a plan — and planning your money starts with creating a budget.*

Find the best ways to save — *Once you've set up a budget, you'll know what you're earning and what you're spending. You can then start to look for ways to save. Are there any opportunities for earning a little extra, like taking paid overtime or picking up additional shifts? Are there non-essential expenses you could cut back on, so you can add some more to your emergency fund?*

An emergency fund should be between three to six months worth of your total expenses — *This will be your goal for your emergency fund: if you lose your source of income, you'll have enough to survive for a quarter of a year or more. It's also useful if you ever need to make a lump sum payment, like car repairs or accommodation in an emergency. Once you've got your budget setup, calculating three to six months of expenses will be easy.*

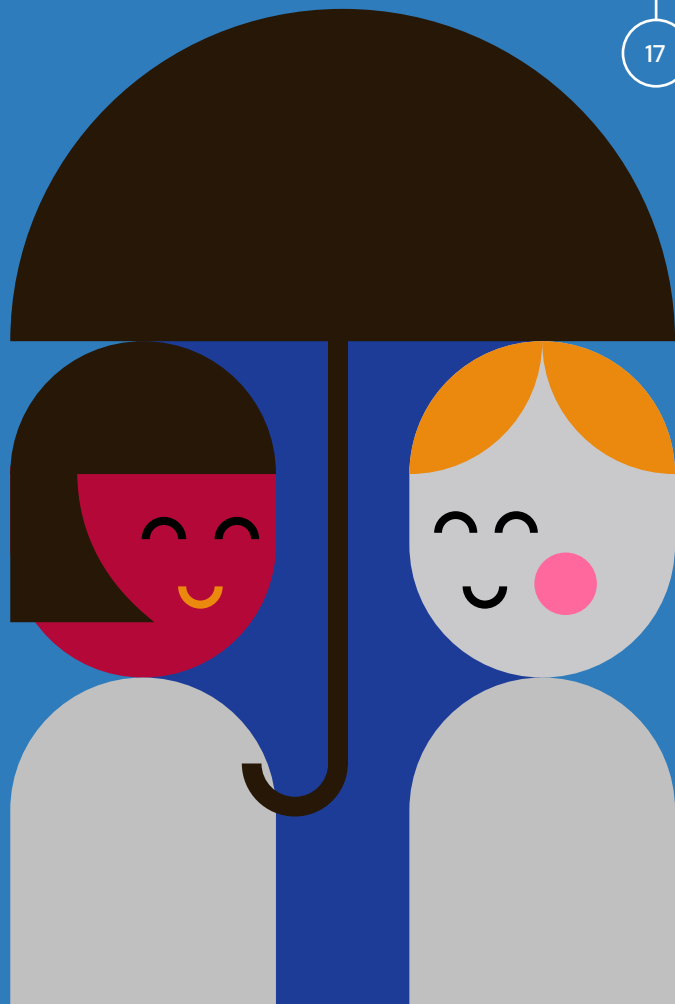
Focus on your emergency fund as a priority — If you're saving for an emergency fund, and a trip, and a car, all at once, there's less to go around. Make your emergency fund a priority, because then you'll be covered if anything goes wrong.

But... don't put all your money into your emergency fund — Make your emergency fund a priority, but that doesn't mean you can only eat cheese and crackers until you're done. Financial wellbeing is meant to help you get the most out of life, without money worries holding you back. If you strike the right balance, you're more likely to succeed.

Make your payments automatic — Create a separate bank account, specifically for your emergency fund. That way, you can set up automatic payments, and your emergency fund will grow without you even needing to think about it.

Check in on your progress — Make the time to regularly check your progress. Keep an eye on how your emergency fund is doing. This can help you make sure that everything is on track, and give you a boost of encouragement from watching your emergency fund grow.

When you reach your goal, celebrate — and keep saving! — Reaching your goal and building an emergency fund is a great achievement, and something anyone can be proud of — but why stop there? There's no reason you shouldn't keep going. Stick to those saving habits you've developed, and your savings will continue to grow.

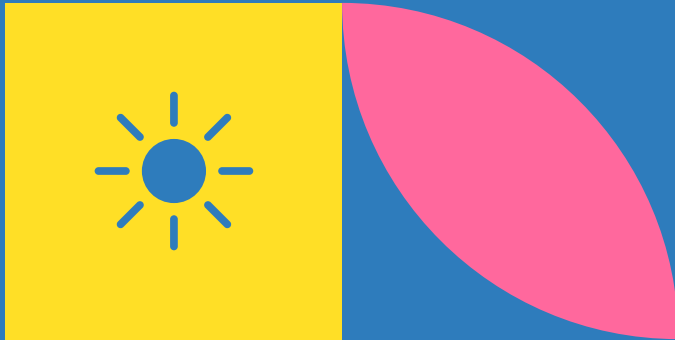


Insuring your stuff

Managing your risk

If your belongings are essential — if you need your bike to get to university, or to work, or if you need your laptop or tablet to get your work or your study done — then losing them could be a serious issue.

Whether or not you get insurance will be up to you. It depends on what your risks are, and it depends on how prepared you are for the possibility of those risks becoming realities.



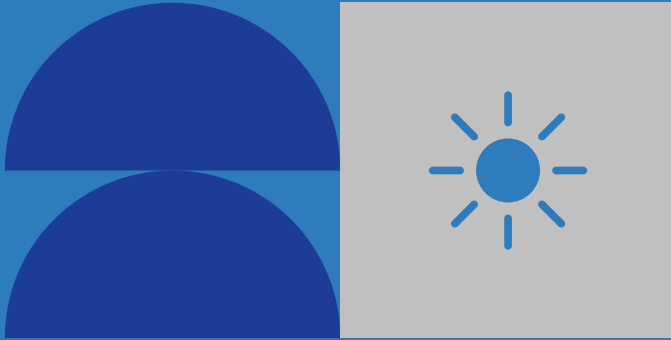
How it works

If you insure something and it's stolen or damaged, you'll make a claim. If there's a theft, you'll have to include a police report, so report any stolen goods straight away. You'll also need to provide proof of purchase, and the value of the item.

Your insurance provider will assess your **claim**, and decide whether or not you'll receive a **payout** — and if so, how much — to cover the costs to repair or replace your item.

If your claim is accepted, you'll have to pay an **excess**. Say your bike is insured for £300, and your excess is £50 — you'd get £250 from your insurance provider. Some insurance policies let you choose a higher excess in exchange for lower fees: you pay less over time, but don't get as much if you make a claim.

If you don't make any claims on your insurance, you can sometimes get a discount on future insurance fees. This is sometimes called a **no claims bonus**, or a **no claims discount**.



Insurance and security

In many cases, insurance won't cover you for theft if you didn't take reasonable precautions to prevent it. So if your bike is stolen because you left it out in the open without a chain, you're unlikely to be covered.

Make sure you understand the requirements of your insurance policy, so you can take the proper precautions. If you're in Halls, or living with others, make sure you take responsibility for your own security. Lock your doors and windows — don't rely on everyone else to do it for you.

Shopping for insurance

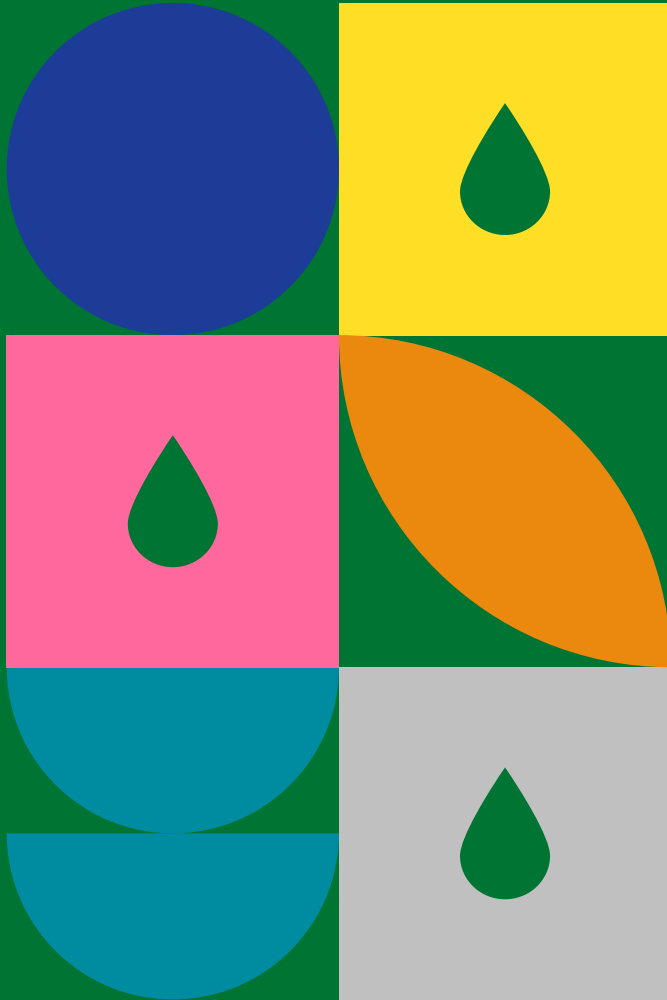
If you do decide to insure your stuff, you'll want to look into **contents insurance**.

Compare different options to get the best deal, and always read the terms and conditions. Make sure you understand what's covered, what isn't covered, how much you're covered for, as well as what you'll have to pay and how often. If something isn't covered by an insurance policy, it will be listed as an **exclusion**.

Most contents insurance protects against theft, and stuff like fires or floods, and you can usually pay extra to be covered for loss and accidental damage, too. You might need to specify particularly valuable items, depending on the insurance provider, and you might need to get special **gadget cover** for some items, like tablets, smart watches, cameras, and sometimes even phones.

If you need any help, ask someone you trust — your parent(s), guardian(s) or partner might be able to help you out, or Student Services can point you in the right direction. More likely than not, they've dealt with this kind of thing before, and they'll be happy to help.

Staying afloat



Preparing for the tough times that lie ahead is great, if you've got the time — but what do you do when that time comes? And what if things aren't going so well for you, right now?

Here are some helpful pointers on what to do if you're facing difficult financial circumstances: we'll cover **Sharing with a support network**, **Managing debt**, and **Finding financial assistance** — including student **hardship funding**.

Sharing with a support network

No one is meant to handle life alone. We're all in this together, so we need to rely on one another to make it through difficult times. When you've got people to rely on, you can share your thoughts, your feelings, your troubles — and possibly your expenses, too.

Sharing the good times

Make a friend by being a friend

If you're looking to have some fun — whether it's socially distanced, online, or otherwise — there are plenty of community events wherever you are, and a lot of them are totally free. If it's safe to get out and about, or to stay in and share a home cooked meal, everyone can save money when everyone pitches in.

Sharing the essentials

A trouble shared is a trouble halved

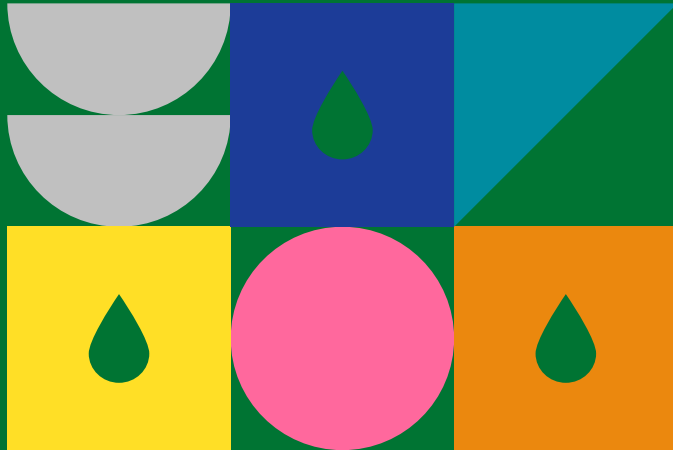
Everyone needs somewhere to stay and something to wear. A support network might mean having a place to stay when you're in need, or just sharing accommodation and living costs with a group of friends — or even strangers.

Sharing your wardrobe can be a great way to save money. There are clothes swap events and apps available, like Vinted (<https://www.vinted.co.uk/>), Depop (<https://www.depop.com/>) or even Facebook Marketplace (<https://www.facebook.com/marketplace/>), which allow you to share your outfits with strangers. One person's trash is another's treasure, and someone's old outfit can be your fresh new look.

Splitting the costs

Sailing the sea of life together

If you have a support network of like-minded people, you can share your resources. If you join or start a study group with your classmates, you can split costs on textbooks, stationary, snacks, and other study essentials. And if your fellow students or workmates all need to get to the same place, consider carpooling — save some cash while reducing your impact on the environment.



Managing debt

When you're buying a car, or a house, or paying for your education, then getting a loan can be a huge help — but if you don't manage your debts properly, you can find yourself stuck in a cycle of rising interest and never ending repayments.

There are two golden rules when you're taking on a debt:

- only borrow what you need,
- and only borrow what you can pay back.

Of course, that's not particularly helpful if you're already in debt — especially if you're finding it hard to keep on top of your repayments.

If you're in debt, there are ways you can manage things to make it easier on yourself, no matter how you got there. It means planning ahead, and it takes work and persistence, but it can be done.

Drawing up a budget

Planning ahead means drawing up a budget. Setting up a budget will give you a better idea of how much you're earning and how much you're spending. That's a great first step towards finding opportunities to reduce your costs or increase your income. Depending on your circumstances, there might be expenses you can cut, or paid overtime or extra shifts you can pick up.

Getting it done

It's best to clear your debts as soon as you possibly can. The longer you wait, the more interest you'll accumulate, and you'll end up paying more in the long run. You can't clear your debts just by paying off your minimum repayments, either — you have to focus on making repayments as much as you can, as often as you can, and as soon as you can.

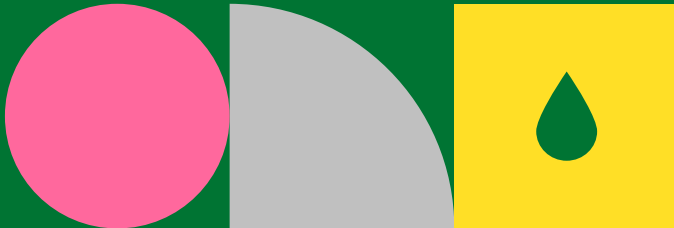
Choosing an approach

There are a lot of different ways to approach your debts. You'll always have to make sure you're making your minimum payments, but you might choose different ways to tackle things.

You might focus on attacking your debt with the highest interest rate. When that's done, move onto the next highest interest rate, then the next, and so on, until you're done.

Or, you could focus on your smallest debt, paying it off as soon as possible. Then, take the money you were paying on that debt — as well as the minimum payment — and move on to the next smallest debt, then the next smallest. Each time, you're paying back more and more, because you're adding the minimum repayments from your smaller debts to pay off the bigger debts.

The main thing is to find an approach that works for you, to be methodical, and to stick with it consistently. To learn more about different ways of managing your debts, and for more details about different methods of how to do it, take a look at the Blackbullion [Debt Pathway](#) and the [Paying off debt](#) article.



Getting assistance

When times are tough, there's nothing wrong with asking for help — whether that means asking your family for support, looking into government assistance, or applying for student hardship funds. Speaking to Student Services at your university is a good place to start, and so is checking out government websites for information on benefits and assistance — and then there's the Blackbullion Funding page, too (<https://www.blackbullion.com/funding>).

Support from family

Any little bit helps, especially when times are tough. If your family's in a position to help you out, it pays to have a chat with them about your financial situation. It can be an uncomfortable conversation, but it's better to talk about it sooner rather than later. There might be other ways they can help, too, if you need it: like pitching in with the laundry, giving you a lift when you need it, or cooking some meals for the week.

Government benefits

It's always worth checking out what government benefits you might be entitled to — that money is there to help people who need it. Wherever you are, you should be able to find specific government websites dedicated to the help that's available, whether it's income support, assistance with finding a job, or additional funding for students with childcare costs or other needs.

Crowdfunding

No one can do it all, and no one can do it alone. If you need financial assistance, consider reaching out for help using crowdfunding. There are a bunch of platforms you can use — some popular choices are GoFundMe (<https://uk.gofundme.com/>) or JustGiving (<https://www.justgiving.com/>). You let people know how much you're looking for and why you need the funds, and people chip in what they can until you've raised what you need.

Student funding and hardship

If you're a student and you need financial assistance, there are options available to help.

Student finance

Every student should be taking advantage of student finance. Wherever you are in the world, it pays to look into the funding and benefits available for students. Take a look through government websites to find out what's on offer, or speak to your university, who will be able to point you in the right direction. You could be eligible for a loan to cover your tuition, living costs, and course materials, which can go a long way to sorting out the basic costs of student life.

Bursaries, grants, and scholarships

There are also bursaries, scholarships, and grants — scholarships are based on your achievements, whether academic or otherwise, while bursaries and grants are given on the basis of your needs. You can check out the [Funding section](#) on the Blackbullion site to find all kinds of funding options which might be relevant to you, and [UCAS](#) has plenty of info, too, on their Scholarships, Grants, and Bursaries page.

University Funds

Universities have support funds available if you find yourself struggling while you're studying. your friendly neighbourhood Student Services team can help you out here. Your university wants to help you succeed. If you need a bit of assistance, don't be afraid to reach out and ask for help — that's what they're there for.

Sources

Student insurance at university, Which?

<https://www.which.co.uk/money/university-and-student-fnance/student-money-and-budgeting/student-insurance-at-university-an0031v9gzzy>

Get cheap quotes for student home insurance, Money Super Market

<https://www.moneysupermarket.com/home-insurance/students/>

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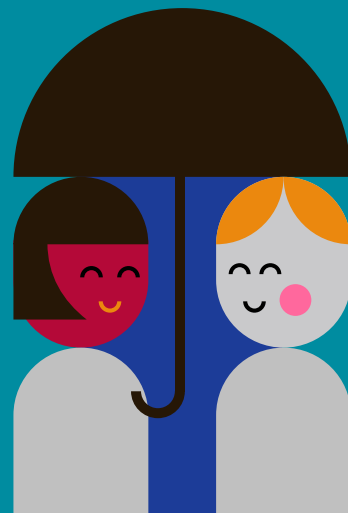
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