

Audio transcript

Level Up Your Finances

Hi, I'm Tim Henman. That's very kind.

To win a game, you need to know the rules: in sport and when it comes to money. It's time to Level Up Your Finances with HSBC UK.

Wow, that's Tim Henman, Britain's original tennis hero.

Nice!

Today's all about kick-starting your finances. You know how it is, we bring our A-game when it comes to our social lives, our health and our careers, but how can we get our money match-fit? You know, it's basically the equivalent of actually finishing a 10K run instead of deleting my fitness app to free up space for pictures of my cat. His name's Otis.

I don't know about you, but I sometimes find it hard not to blow my cash literally the moment I get paid. Usually it's just buying stuff online that I probably don't need, like that leopard-print leotard. Not a long-time investment piece. Too often, I'd rather spend it than save it.

Tim, I need a game plan, please can you help me?

Sure. Being properly prepared is all about being ready for whatever's thrown at you. You've gotta know what you're up against. First up... It's income and outgoings.

When it comes to money, it's important to be honest with yourself. There's no point pretending it's game, set and match when you're actually five-love and two sets down. It's important to know where you're at with your money. Are you overspending and if so, what are you overspending on? Okay, they were in fashion that year. So how do you keep track of your finances? Well, what I've learned is you need to write it down.

First off, you've got your monthly outgoings. These are divided into your essential outgoings, which are the things you can't live without: your needs. Stuff like your rent, travel costs, food, your phone bill, etc. But, you've also got your non-essential spending or, to put it another way, the stuff you want. Your new clothes, cinema tickets, going out with your mates, that sort of thing.

All this stuff is important, but if you're honest with yourself, you don't really need. The other side of the net there's your income. That's your wages, any benefits, perhaps some contributions from your family. Include any sources you might get money from. When it comes to winning with your finances, your income just needs to be larger than your outgoings, as Tim beautifully illustrates here... Against, uh, Tim.

Game, set and match to Income Tim.

You're not gonna get anywhere without a proper game plan and the right tools. Sorry!

So let's talk about budgeting. Okay, so I know a pic of your budget planner isn't exactly gonna clock up those likes on your socials, but it's one of the best ways to help you get exactly what you want out of life. Budgeting helps keep you in control, chilled, less stressed, all of the good stuff. There are a number of apps that can help, but why not start by checking out our free template, which you can download using the link on the HSBC UK website.

Let's take a look. Nice!

You put your income in first. That's your wages and any extras you might have coming in and then you can list all your outgoings as we mentioned earlier: the essentials and the non-essentials. It's once you know what you're bringing in, what you're spending it on and how much you've got left over, that you can start to make those little changes to how you spend your money.

So, start a planner, add everything in and make it part of your weekly routine. Maybe do it at the same time every week, so like 7pm on a Sunday night, something like that. By doing it regularly, you'll start to bring your finances into shape. It's like Tim! He didn't just rock up to Wimbledon, he trained regularly to get match fit. It's the consistency that ups your financial game.

So that's your budgeting baseline covered, but if the going gets tough, you may need to dig in. That's why it's great to have some savings put aside. So we've looked at what's coming in and what's going out.

Now, you need a savings plan. It could be for a big purchase, like a holiday, or for a rainy day fund in case you suddenly need some money. In an ideal world, you'd have about three to six months salary in there, just in case. Especially the way things are sometimes, where you may not always be confident of a regular income, saving is a really smart thing to do.

Let me explain through the medium of the 50/30/20 budgeting guide and Tim Henman serving for the match at Wimbledon. This is the square our hero is serving towards. To win the match, what you and Tim need to do is divide the target square into 50/30/20. 50% of your wages if your needs; rent, travel and so on, like we talked about earlier. Then, 30% is your wants: the 'leotard zone'. Finally, 20%, that's your savings, that's what you're aiming for.

Life's unpredictable, so sometimes you'll have to spend more on your needs and your bills, but it's worth trying to aim for 50/30/20.

That's pretty much game, set and match for this video. Hopefully, it'll help you kick-start your finances but for now, take it away, Tim. Just like we rehearsed and no unforced errors. Thanks for joining us on Level Up Your Finances with HSBC UK. Hopefully, now you're match fit and ready to smash your targets.

For more info on everything we've covered on this lesson, check out the links and downloads on the HSBC UK website.