

# 5 tips on being more financially resilient

With the rising cost of living, it's more crucial than ever to protect your income and prepare to withstand future events that may impact your personal finances.



Here are 5 easy ways you could be more financially resilient:

1

## Saving regularly

Saving money provides you with short-term financial security and freedom and helps to secure you in an unexpected financial emergency. One of the biggest challenges to saving money is taking the initial step to start. Once you have taken this step, no matter how much you save – you can then start to build a savings pot for the future.

2

## Seeking Financial Help for big financial decisions

Big financial decisions should be taken seriously, therefore we would recommend seeking professional financial advice.

### Expert financial advice can be invaluable if:

- you need help making certain decisions
- you want to make sure your tax and general household finances are in order
- you're dealing with financial issues that can become complex and time consuming

3

## Consider taking out insurance

Insurance plans provide you with long-term resilience. There are several types of insurance plans available to suit your needs and budget. **For example:**

**Life insurance** pays out either a lump sum or regular payments on your death. It gives your loved ones financial support after you've gone.

**Critical illness insurance** provides you with a lump sum of money if you are diagnosed with certain illnesses or disabilities.

**Income Protection** provides a safety net if you can't work due to illness or injury. It helps to cover monthly outgoings, acting as a lasting source of support, allowing you to maintain your standard of living.

4

## Be prepared to tackle financial stress

When you are facing money troubles, it can often feel overwhelming, but it's important to not suffer in silence. If you are ever financially struggling speak to a financial adviser to seek some financial support through a difficult time.



## Being financially proactive rather than reactive

Being financially reactive is when your money necessities drive you. Instead of planning ahead, you react to your financial situation such as paying unexpected bills and rushing around to make ends meet when a small financial emergency pops up.

Instead of waiting for circumstances to force you into making financial decisions, it's a better idea to get proactive with your finances. This means acting and planning ahead.



## Meet John

John is a single 43-year-old homeowner who works as a builder, earning £34,000 (£26,874.52 per year or £2,239.54 per month after tax) with monthly outgoings of £1,800.

An accident leaves John with a back injury meaning he can't work for the next 3 months until his operation and for a further 6 weeks for post-op recovery.



### Being financially reactive

- John has £2,000 in savings but has no other financial protection in place or other income or benefits of any kind.
- As John is self-employed, he is not eligible for Statutory Sick Pay (£99.35 per week<sup>1</sup>).
- John applies to receive Universal Credit and receives the standard allowance of £334.91 per month<sup>2</sup>.
- Due to the accident, John is facing a significant shortfall and must dip into his emergency fund to cover his monthly outgoings.
- Whilst John waits for his operation, he continues to face a significant shortfall and uses the rest of his emergency fund and relies on his credit card to make ends meet.
- The situation becomes financially stressful causing John to rush his recovery to return to work so he can begin earning again to cover his costs.

### Being financially proactive

- John has £2,000 in savings and has no other income or benefits of any kind.
- Some time before his injury John had taken out an Income Protection policy through British Friendly for £60.85 per month which would give him a monthly benefit of £1,841 with a 4 week deferred period if he became too ill or injured to work.
- John uses his savings to cover his first month's expenses.
- After his 4 week deferred period, John receives his first benefit payment of £1,841 from British Friendly to cover his mortgage, monthly bills and expenses.
- Whilst waiting for his surgery, John's Income Protection policy pays for his expenses so he doesn't have to worry and can focus on his recovery.
- John's recovery is going well, and he is able to cover all his monthly outgoings. He is also able to take advantage of British Friendly's additional discretionary benefits and uses his 6 complementary physiotherapy sessions which are available alongside his policy at no extra cost.

\* The above is for illustrative purposes only. In this example, John's British Friendly Income Protection policy gives a monthly benefit level of £1,841 until he's aged 64 with a 4-week deferred period and a 1 year claim period on our Protect product. He is a non-smoker, has no pre-existing health conditions and has opted for level guaranteed insurance so his premiums remain the same throughout the lifetime of his policy<sup>3</sup>.

#### Sources

1 <https://www.gov.uk/statutory-sick-pay/what-youll-get>

2 <https://www.gov.uk/universal-credit/what-youll-get>

3 Protect Income Protection quote pulled on 26th August 2022

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It feels good to be covered