



Audio Transcript

5 things to help build your emergency budget

Hi, I'm Paul Stroud, Senior Financial Wellbeing Consultant at HSBC UK.

A financial emergency is something that you couldn't have predicted, which may require you to make some drastic financial changes to get through it. If you're currently in the middle of such an emergency, or trying to plan ahead for the future, here are five things that you could do today to help build your emergency budget.

1. Work out a savings plan

A financial emergency can come in many shapes and sizes, with some situations having more impact than others. So whether you're in the middle of a financial emergency, or trying to be prepared should the worst happen, work out how much you'll need to save each month to help see you through. For example, if you can put aside £50-£100 per month, this will amount to a substantial figure in the event of any unexpected car or home repairs.

2. Stock check

Sit down and list all of your incomings and outgoings from the past three months. It's best to do this in a spreadsheet, but a simple list can work too. Put your outgoings under categories such as food, travel, bills and miscellaneous. Determine which items are needs and which are wants. This will help should an emergency occur and you need to use that money that would normally be put aside for different things.

3. Budget

In a financial emergency, you need to make sure that you're spending every penny wisely. A budget will make sure that you're living within your means, and that you keep control of your spending through this difficult time. Take a look at your stock check and assess where you can make savings. Coffees, takeaways and other luxuries, like audio and streaming services should be the first to go. Put them on pause for now and you can pick them up again once you're through this emergency. Tally all these and any other savings you can make up and deduct them from your monthly target.

4. Switch and save

The next place to make some serious savings are your bills, as these are some of your largest monthly outgoings. Use price comparison sites to bring down your utility bills; new customers may be eligible for discounted rates so look at switching up your suppliers. Remember, different utility companies appear on different comparison sites and some big providers won't appear at all, so you'll need to go direct to compare quotes. You can also look at changing your mobile phone plan. We tend not to consider changing our contracts until we need a new handset, but you can still change your tariff a few months into a new one. Call your provider and find out if there is a cheaper product available.

5. Ask for help

If you've done all of the above and you won't be able to meet your target, try not to worry. Remember you're not alone. Reach out to your lenders or utility providers and ask them for help. They may be able to offer you

payment holidays or provide you with a payment plan to alleviate some of the pressure. Don't be afraid of letting them know your situation, they're here to help.

So, just to recap:

1. Work out a savings plan
2. Stock check
3. Budget
4. Switch and save
5. Ask for help

Thanks for taking the time to watch this.