

Wealth, health and happiness

Financial wellness and what it means

The world of finance sometimes sounds complex, littered with strange terms and concepts. But financial wellness is one of its simplest and most important ideas, denoting situations in which we take control of our financial health now and into the future.

Another way of describing it is as a feeling of financial well-being, bringing a sense of security and freedom of choice to our everyday lives.

Just like other aspects of our lives, everyone's financial journey is different. But we all need a plan for feeling more financially secure. And in these situations, as our financial well-being increases, so should our quality of life.

Learning good habits

As a concept it's different to financial literacy – the skills and knowledge that help us to manage our personal finances more effectively. Yet the two are closely connected as literacy signposts the way to wellness by encouraging habits like keeping to budgets in our spending, avoiding too much debt, putting money into savings and investments, and buying insurance for illness and other emergencies.

The roadmap to financial wellness doesn't need to be too complicated. Start saving and investing as soon as we can (don't underestimate the magic of compounding – investing just a small percentage of our incomes on a regular basis can make all the difference over the longer term), take advice from professionals, diversify our investment choices, and stay invested through good times and bad.

More than just money

Of course, wellness is never only about money. The old adage that 'money can't buy happiness' is true. But investing in financial wellness can help reduce our stress, especially when the costs of living are rising fast, or during periods of economic downturn or job insecurity.

A survey from HSBC, which looked at the impact of the pandemic on our lifestyles, highlighted this point, showing that physical health, mental wellness and financial fitness are all deeply connected. But respondents added that their experience of the pandemic had changed some of their financial behaviour as well: They now intended to save more money, were more conscious of their spending, and were more committed to financial planning to ensure sufficient funds for the future.

<https://internationalservices.hsbc.com/content/dam/hsbc/hsbcis/docs/reports/asia-wealth/hsbc-life-factor-study.pdf>

Let's not lose sight of the positive outcomes in achieving a greater sense of financial well-being. It might open up chances to do more with our lives than chase higher pay cheques, such as pursuing our hobbies and passions, or giving back to society through charitable work. And most precious of all, it can allow us more time to spend with family and loved ones.

Improving female financial wellness

Of course, the journey towards financial wellness brings the need to talk about money, which isn't always easy in cultures where that can be taboo, and it can be even more challenging for women who lack the opportunities, and role models, for these kinds of conversations.

Fortunately, that situation is starting to change as more women build rewarding careers and feel financially independent themselves. That's not to say that there isn't more work to do in improving female financial health. But it's another step in encouraging women to feel that financial wellness is well within their reach.

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