

Mastering financial planning

Essential tips for mothers balancing family and finances

Balancing the many responsibilities of motherhood can be overwhelming, often pushing long-term financial planning onto the back burner. However, effective financial planning is essential for everyone, and as a mother, you face unique challenges that require extra attention. Here are some key financial planning steps to help you take control and secure your family's future.

SAVE FOR UNFORESEEN EMERGENCIES

As a mother, you've probably realised that emergencies can strike when you least expect them to. While an emergency savings pot can't prevent sick days, uniform mishaps or broken friendships, it can provide a useful financial buffer for more expensive emergencies, such as boiler or car breakdowns. Building up at least six months' worth of essential expenditure in an easy-access savings account reduces the risk of falling into debt or dipping into savings allocated for long-term goals.

PROTECTION, PROTECTION, PROTECTION

An income protection policy should be considered if your family relies on your income to cover bills, childcare, school fees or after-school activities. This type of insurance pays out a portion of your salary if you suffer from a long-term illness and cannot work, helping you maintain financial stability and ensuring your children's lifestyle isn't unduly affected.

Life insurance is another essential protection, offering a vital financial safety net should the worst

happen to you. It provides a lump sum or regular income if you pass away during the policy term, which could help pay off the mortgage and ease the financial burden on your family.

YOUR PENSION MATTERS

If you've taken time off work to care for your children, finding ways to top up your pension savings is crucial. Many mothers prioritise their children's futures over their own, but neglecting your pension can have long-term financial repercussions that ultimately affect your entire family. The good news is that there's still ample time to get your pension back on track.

If you qualify for the full amount of the new State Pension, you will receive £221.20 per week, or £11,502.40 a year (2024/25). You must have paid National Insurance (NI) contributions for 35 years to qualify for the maximum amount. If you're not working, you'll receive NI credits automatically as long as you claim Child Benefit, and your child is under 12. You may still receive these credits if you've claimed child benefits but opted out of payments to avoid the High-Income Child Benefit charge.

TOPPING UP PENSIONS

Consider topping up your workplace or private pensions. Pensions are a highly cost-effective way of saving for retirement due to the tax relief you receive on personal pension contributions. This means a £100 pension contribution will only cost you £80 if you're a basic rate taxpayer, £60 if you're a higher rate taxpayer or £55 if you're an additional rate taxpayer, as long as the total gross contributions are matched by the income in that band.

Even if you aren't working, you can contribute up to £2,880 per year into a pension and still receive 20% tax relief, boosting your contribution to £3,600. If you receive any cash gifts or inherit some money, saving it into a pension can significantly enhance your retirement funds.

WEALTH CREATION FOR YOUR CHILDREN

If financially feasible, saving money for your children can profoundly impact their future, potentially helping with university fees or securing a deposit for their first home. To maximise the growth potential of their money, consider investing in the stock market.



Although mothers might naturally lean towards being risk-averse, history shows that, over long periods, the stock market generally outperforms cash. A Junior ISA is a starting point. It offers tax-efficient investment growth and locks away funds until your child's 18th birthday.

OBTAIN PROFESSIONAL FINANCIAL ADVICE

You might not have the time or inclination to sort out your finances independently – and that's perfectly fine. Financial matters are one area where entrusting the responsibility to a professional can be done guilt-free.

Obtaining professional financial advice can instil confidence that you've made the right decisions with your money, allowing you to focus on yourself and your family. ■

WANT TO FIND OUT INFORMATION OR SEE HOW WE CAN HELP WITH PERSONALISED FINANCIAL GUIDANCE?

Contact us today for expert professional advice and personalised financial guidance. We're here to help you and your family achieve financial stability and peace of mind. Don't wait – contact us now, and let's secure a brighter future together!

THIS ARTICLE DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

