

Financial wellbeing as a building block for health

What is financial wellbeing?

The UK Government's [Money and Pensions Service](#) defines financial wellbeing as feeling secure and in control of your finances, both now and in the future. It's knowing that you can pay the bills today, can deal with the unexpected, and are on track for a healthy financial future. Financial wellbeing is not about the level of income a person has but rather their ability to meet their needs with that income.

Why is financial wellbeing important?

Financial wellbeing is one of the [building blocks for good health](#). It gives people the opportunity to live longer, healthier and happier lives. Other building blocks include fair work, education, safe neighbourhoods, and healthy homes.

When people feel more in control and secure with their finances, they [have the resources needed](#) to deal with daily responsibilities and are prepared for unexpected events. This means they are [less likely to experience chronic stress](#), which leads to poor physical and mental health. They may also have more access to additional opportunities to be happy and healthy, such as participating in community activities, engaging in physical exercise, and eating healthier foods.

[Financial wellbeing and health go hand in hand](#): when one improves, so can the other, creating a positive cycle. But the opposite is also true, where worsening health and financial wellbeing can create a downward spiral.

3 in 10 people in Wales report that their financial position negatively affects their physical health and 4 in 10 say it has a negative impact on their mental health.

How else is health and money linked?

[Money worries cause stress and insecurity](#). This can put the things people and families [need to stay healthy out of reach](#), such as being [able to eat well](#) or exercise. Stress can also [contribute to coping mechanisms](#) that can have a negative effect on health and finances, such as smoking, alcohol consumption, and gambling.

When it is difficult to cover the cost of essential needs, such as housing and household bills, it can lead to people [living in unhealthy homes](#). For example, not being able to sufficiently heat your home can cause damp and mould and [negatively impact respiratory conditions](#).

Experiencing poor health makes it more difficult for people to improve their financial wellbeing and control over their money by creating barriers to [educational](#) opportunities, reliable [work](#) with adequate incomes, and access to [healthcare and support services](#), such as guidance on effective money management.

Who is affected?

Some groups of people are more likely to experience financial insecurity and the related health outcomes. For example:

- White British householders [were found to be](#) twice as likely to be 'financially secure' (30%) than those from black, mixed or other ethnic groups (15%) and those from Asian ethnic groups (16%).
- Groups that are [most likely to have lower financial wellbeing](#) include social renters, lone parents, people with a disability or limiting long-term condition (especially if this impacts them socially, behaviourally, in terms of memory or mental health), and people who have experienced recent problems with their mental health.

The health and wellbeing impact of poor financial wellbeing extends [throughout a person's life](#) and may have wider, longer-term effects on their family, friends and the wider community. Our early years play a significant role in the health we experience for the rest of our lives, making the [experience of children](#) growing up in financially insecure households particularly important.

Financial wellbeing as a building block for health in Wales – what can be done?

To close the gaps in life expectancy and good health among people in Wales, we [need to make it possible for everyone to be financially secure](#). This means considering everything, from pocket money and payslips through to pensions, with support, services and guidance that requires, available in our homes, schools, and communities, and throughout our lives, in moments that matter.

Financial wellbeing is not just about ensuring that everyone has enough money to be financially secure. It is also about ensuring that everyone can be confident with their money and manage finances in a way that makes sense to them.

Improving financial wellbeing will have long-term health and economic benefits for Wales, making it a more sustainable approach. That is because when people are physically and mentally well, they use fewer NHS resources, helping [reduce the impact on health and social care](#) pressures and costs

Taking a [public health approach](#) to improving financial wellbeing means trying to act before a problem happens or gets worse, and using data and evidence to understand the problem and design support that works. This involves looking at how to address its underlying causes; whether targeted support is more effective; and how everyone involved, from local communities to national organisations, can work together.

[This can look like](#) ensuring services are designed to be accessible for people in financial difficulty and avoid stigmatisation; jobs are fair and secure; welfare and entitlements are adequate and accessible; and essentials, like healthy foods and healthy homes, are available and affordable. It also means increasing access to and uptake of [money guidance and advice](#), which may require support with basic [digital skills](#).

By working together to improve financial wellbeing, we are strengthening one of the building blocks needed to give everyone in Wales the opportunity to live longer, healthier, and happier lives.

What could you do next?

- Consider financial wellbeing in your policies and strategies
- Identify and support those most at risk
- Make any support you provide accessible and stigma-free
- Look to work with others across different sectors
- Promote and signpost to trusted money guidance
- Use your voice to advocate for policies that support financial wellbeing