



Financial Wellness

Financial well-being is a state of being wherein you:

- Have control over day-to-day, month-to-month finances (**budgeting** and **cash flow plan**);
- Have the capacity to absorb a financial shock (**saving** and **investing**);
- Are on track to meet your financial goals (**financial plan**); and
- Have the financial freedom to make choices that allow you to enjoy life (**retirement savings** and **estate planning**).

Financial well-being drivers *financial behaviors, financial knowledge, and personal traits*.

Four **financial behaviors** support financial well-being:

- Effective routine money management
- Financial research and knowledge-seeking
- Financial planning and goal-setting
- Following through on financial decisions

Financial knowledge that supports financial well-being are financial ability skills which encompasses:

- Knowing when and how to find reliable information to make a financial decision
- Knowing how to process financial information to make sound financial decisions
- Knowing how to execute financial decisions, adapting as necessary to stay on track

Four **personal traits** affect financial well-being through their influence on behavior, preferences and expectations:

- Comparing yourself to your own standards, not to others (internal frame of reference);
- Being highly motivated to stay on track in the face of obstacles (perseverance);
- Having a tendency to plan for the future, control impulses, and think creatively to address unexpected challenges (executive functioning); and
- Believing in your ability to influence your financial outcomes (financial self-efficacy)

People have higher levels of financial well-being when they **Ask, Plan, and Act**, coupled with a strong habit or tendency to live within their means in terms of their day-to-day financial choices. The financial well usually utilize the following components as they **Ask, Plan, and Act**.

- Budget and cash flow plan
- Financial plan
- Investing strategy
- Retirement savings
- Estate plan

Do you need a [financial advisor](#)?

Reference: [Financial well-being: The goal of financial education](#)