THE GOOD GUIDE TO HIPSTER MONEY

GOOD WITH MONEY

MORE MONEY, FEWER PROBLEMS

About Good With Money

Good With Money is a personal finance website with a difference: it focuses on ways you can get value with values or profit with principles from your savings, pensions, current accounts and even credit cards. Because deals that look after people and planet as well as your pocket are SO much more rewarding for everyone.

Guide in association with:

EQ investors

STARLING BANK

Contents

Introduction

What is a hipster?

The first rule of being hipster is that you do not talk about being a hipster.

The second rule is that if anyone actually asks, you are not one.

So if you are reading this guide, you may just be a young-ish person, with or without some glasses and a few cool clothes. It really doesn't matter.

But hipster culture is interesting in how it informs the way more and more young people (under 30 really, although maybe up to 35).

There is a quest for authenticity, meaning and connection. There is a fundamental surreality to a life lived half online. And there is often too a kindness and gentleness to those who are on the hip side – perhaps a consequence of growing up in the shadow of terrorism and the communal threat of climate change.

As defined in the Urban Dictionary: "Hipsters are a subculture of men and women typically in their 20's and 30's that value independent thinking, counter-culture, progressive politics, an appreciation of art and indie-rock, creativity, intelligence, and witty banter."

They "reject the culturally-ignorant attitudes of mainstream consumers, and are often be seen wearing vintage and thrift store inspired fashions, tight-fitting jeans, old-school sneakers, and sometimes thick rimmed glasses" and "tend to be well-educated and often have liberal arts degrees, or degrees in maths and sciences, which also require certain creative analytical thinking abilities".

Hipster Money*

Why the focus on hipsters?

Three reasons: their economic circumstances, values, and (albeit reluctant) dependence on digital technology for much of how they interact.

Economics

The hipster age group – people in their 20s and early 30s – is a sub-section of a wider demographic group known as the "millennial" generation to marketers (but clearly, they do not refer to themselves as such).

Millennials, hipsters or no, face some unique economic challenges as a result of when they were born.

One is extraordinarily **high student debts.** They went to university at a time when tuition fees were a thing. Typical debts are now more than £44,000 when someone leaves uni, according to the Institute for Fiscal Studies. Hardly a flying start to finances in adult life. Such astronomical debt levels have fundamentally altered this generation's perception of money management and wealth, turning wealth into a constantly deferred pipe dream and money management an exercise in debt minimising, rather than wealth creation.

Another is **difficulty entering the job market**. Endless internships and low starting salaries are standard and the deferral of proper recognition for one's abilities, ie. Promotions and pay rises, is the lot of many a millennial.

Another is the **high cost of housing** – when faced with rents that are higher than home ownership costs in most locations, young people rightly feel that the balance of housing power is against them and insurmountable. Many no doubt feel guilty about waiting for granny to die before they can even think about getting on the ladder. Very high house prices against modest earnings exacerbate this sense of financial impotence and desire to spend, because "I may as well".

The **high cost of living** – Or let's be honest, it's the high cost of living if you include cafes, ubers, nice clothes and travel. As a VICE reporter put it in a recent podcast entitled **"Is it OK to live your entire life in debt?":** "Who are these people who might never have any wealth, but act like they are rich?". Well, more than we'd care to admit in this age bracket, actually. Because when you work hard, you think: "yeah, I deserve this" as the journalist Hazel Sheffield put it. And you might. But you still can't afford it.

There is almost £0 left to save. Saving and investing might be something that more flush hipsters can secretly manage, but for the most part, if you are part of Generations X and Y (don't even ask about Z), you perhaps feel like any amount you can save is so tiny as to be not worth it. So you spend instead, descending into a **self-fulfilling vicious cycle** of spending because you think you will never have enough to save, therefore you never have enough to save). But it doesn't have to be true. **Difficulty saving** is therefore another financial trope of this demographic.

Such financial challenges give rise to feelings of despondency and disempowerment and to the conclusion that *"I might as well spend it."*


TAX
WHERE DOES YOUR MONEY GO?
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Being targeted has its good and bad points.

The good thing about this is it means there are myriad new ways of getting to grips with cash that are more fun, more convenient and more culturally suited to this generation.

The bad is that it will become increasingly difficult to choose the genuinely good providers who match your values, treat you well and actually help make you better off, from those that are just really good at marketing.

Why Hipster luck is coming in

The good news is that the tide is turning for this generation and it looks like, after a bleak start to adult life, things are about to get a lot better – if you can be one of those to make the most of the changes that are happening right now to ISAs (tax-free savings), workplace pensions, digital money management and some heavy targeting from the financial services industry, as it wakes up to the need to start engaging with younger generations.

Time is on your side.

And yes, you might have tons of student debt but let that be a deterrent for other kinds. The advantage of renting is that you don't have to spend money on repair work, painting, furniture, etc. All costly things that many older people rely on personal loans to fund. Lucky you, you don't have that baggage. Now it's time to make the most of it!

The financial services industry is beginning to recognise that the asset-rich older generation that has served them so well is getting older and will start to transfer wealth down through their families before they die. This means challenger banks and mainstream ones, wealth managers, investment platforms and new start-up apps, have started focusing their attentions on the younger generations instead.

If you are a millennial, these companies want you, and they want you now.

By Lisa Stanley,
[Good Money Girl]

Do hipster values change financial behaviour?

True hipsters wear their values on their sleeves. Yes, you want to look good and have a great social life, but with a nod to deeper concerns.

Locally sourced food isn't just fashionable because of fashion, it is fashionable because people are genuinely thinking more carefully about food miles and supporting local economies.

The focus on second hand and vintage fashion among hipsters reveals an understanding of value that is not just about getting a bargain, but the benefits of buying into lasting quality.

Research suggests that if you are a hipster, you are part of quite a socially responsible bunch, preferring brands that reflect your desire for a better world. H&M's conscious clothing range is one example of a retailing giant catering to this desire.

But so far, this social and environmental awareness and willingness to do the right thing, while it has fed into food and clothing choices, has not translated (at scale anyway) to the way young people manage their money.

One reason for this is a **lack of transparency** – banks don't tell us what they do with our money when we put it in there every month, because why would they?

Another is **lack of choice and access** – those providers that do offer genuinely socially and environmentally beneficial options are not at the top of every Google search you make when looking for insurance, savings accounts or a mortgage. Instead, you are delivered the cheapest deals through price comparison sites. And without doing lots of research on your own, it's hard to step off this path to purchasing financial products.

A survey by Triodos Bank found that millennial (under 35) investors want their money to make a positive change to society and the environment but many have never been offered opportunities to invest in Socially Responsible Investment (SRI) funds.

Six out of ten (63%) of millennials would like their money to support companies which are profitable and make a positive contribution to society and the environment. Millennials (60%) said that they would move their money if they discovered it was being invested in companies that conflicted with their personal values and ethics.

Financial services providers that embody the idea of long-term, good value are out there – but they're diamonds in the dirt.

So, if you are all about organic veg boxes and local coffees, then these are some of the financial services provider names you want to look out for:

Abundance (investment)
Alliance Trust Sustainable Futures (investment)
Bulb (energy)
Brighter World (energy)
Charity Bank (savings)
Co-operative Bank (mortgages, savings, current accounts, insurance)
Ecology (self-build and retrofit mortgages)
EQ Investors (investment, co-sponsor of this guide)
Nationwide Building Society (current accounts, mortgages, savings)
Starling Bank (co-sponsor of this guide, below)
Rathbone Greenbank (investment)
Triodos (savings and investment)
WHEB (investment)

And these are the ones you want to avoid (ironically, the hardest to avoid): **Barclays, HSBC, Royal Bank of Scotland, Lloyds Bank.**

As a general rule, building societies are good, banks are bad. That's crude and the banks will hate us for saying it, but for now, it's a fair way to cut it.

Debt – challenge or fact of life?

If you don't have any from student loans or credit cards by now, you are doing really well. More likely though, you do have debt from these sources and maybe even dabbled in payday loans before too.

Payday loan companies are succubus. Wonga and friends can end up charging you £40 to borrow £100 (not a good deal). They can be very tempting, however. Try to avoid going into debt just to pay for a city break to Milan, or clothes that make you look good on Instagram. Think like this, and the system is winning. You will forever be funding the banks and other lenders, and not the other way round.

It's always a good idea to keep debt to a minimum and to make sure you can easily afford your repayments. If you do need extra cash one month, a 0% credit card with 0% interest on money transfers to your current account (although check the transfer fee itself) would probably be a better option. You will need to know your APR, or Annual Percentage Rate of interest on your debt. And you will need to know how long the offer period lasts and make a note to switch at the end of it.

NB. When asked by a credit card provider what limit you would like, don't be tempted to go for a high number. A high limit is a constant source of temptation that is hard to resist when you like nice things. Just stick with what you need only.

If you had to take out loans to cover tuition fees when you were at university, your student debt is likely to be substantial. If you are in employment, you will be paying this debt off at a rate of 9% of what you earn over £17,495. People say it's the lowest rate borrowing you'll ever do. That may be true, but believe us, you notice the repayments.

It's important to bear in mind your student loan repayments when calculating what you can afford to spend each month on other debt repayments and living costs – even if your repayment is only £100 a month, that's £100 that is not going into your pocket.

Debt action plan:

Don't get too down about it. There is ALWAYS a way back out of debt. The key is to talk to people about it – family, friends, landlords and providers. Be open, honest and deal with it as quickly as possible before it gets too massive. If you are feeling down about your money situation, then **Mind** the mental health charity, can support you.

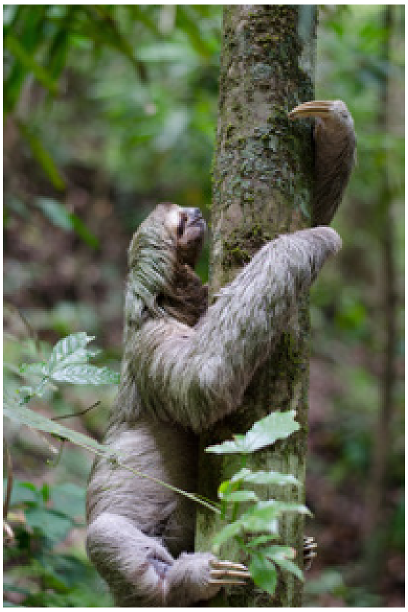
Look for 0% APR deals if you must take out credit cards and make a large note in your diary for when the 0% deal comes to an end. As soon as it does, you need to shift your balance to another card.

Don't be tempted to spend on a card that charges you for spending. Or if you do, pay off the amount you spent straight away, so you don't start accruing interest.

Don't use your credit card for little bits of spending, such as coffees or EAT sandwiches, even if they come with contactless, as these **small spends** can be hard to keep track of.

If you need a personal loan, to buy a car maybe, shop around for the cheapest rate you can get. When choosing how long to repay a debt for, bear in mind that even though a longer repayment term brings down your monthly repayments, it means you are repaying debt for longer and you will pay more in interest overall. It is almost always true (for insurance premiums too) that if you choose a longer term, you will pay a lower amount monthly, but more overall.

It's amazing how much credit reference agencies know about you without you even realising, quite Big Brother in fact. Keep an eye on your credit score and stay up to date with key monthly payments you make with big providers, such as your mobile phone provider, as this all counts towards your score. It's especially important to check it if you want to buy a house, as if it isn't very good, you could be rejected, which would make it even worse. Experian, Equifax and Call Credit usually offer free trials. You can sign up for the trial, then cancel it.



A place to call your own – or not?

Not a home owner yet? You are definitely not alone. The average age of a first-time buyer is a midlife-threatening 37. So it is no wonder that the average UK FTB house price has increased 179% between 2000 and 2016 - £63,388 to £177,038, according to Nationwide. Assuming a 10 per cent deposit of £17,000 and a 3 per cent mortgage rate, a first time buyer would pay £759 a month over 25 years on a mortgage.

The typical rent in the UK is now £910 a month, according to **HomeLet**. This means there is a horrible irony, brought about by the financial crisis, that renting is now typically more expensive than buying, once the deposit has been paid. So how on earth are you meant to save the deposit?

Home ownership action plan

Can your parents help? The Bank of Mum and Dad is now the biggest lender to first time buyers, according to recent surveys. Not all parents are enlightened enough to know how tough you have it so they might not offer. You have to bite the bullet and ask.

But don't go wading in there with a sense of entitlement. They don't OWE you anything. You are reliant on their generosity, so go in gently. Explain your situation to them, show that you are not being profligate, maybe try to save up a few grand of your own to show willing, do the numbers and the research on mortgages and potential (modest) homes for sale you might be interested in (parents like facts), then just ask. Feel free to quote the figures above to them on rent cost v. mortgage cost – it might help

If they can't help, you will have to save if you really want to own one day. Before you decide that's too much work and renting will suit you forever. Don't think about how you are now, your priorities and your lifestyle. Think about how you will be in 10 years. Do you think you might have some kids by then, for instance? And would you want them to have the insecurity of yearly rental contracts, bad landlords who don't sort the damp and broken boilers?

Assuming you do want to try and save (head to the saving and investing section below for ideas on where to put your cash), set a clear target so you know how much progress you are making. Saving for a deposit requires you to know how much you need for the type of home you want to buy, but also for the size of monthly repayment you can afford. It's a good idea to start at looking at the type of property you might initially (realistically) like to buy. The bigger the deposit, the smaller the monthly repayment (and the easier it will be to still afford things like meals out occasionally). So it might be worth holding on in there for the bigger deposit before jumping straight into the market and finding you are still struggling to afford your monthly basics. Probably. Use an online mortgage calculator like this one to cut the numbers. BE PATIENT!!!!

Hair-brained schemes (that might just work)

You might have heard of Help to Buy. Sadly, the mortgage guarantee scheme, where the Government effectively underwrote the risk to lenders of lending to first time buyers up to 95 per cent of the value of a property, is being decommissioned. But don't despair. Lots of lenders now offer the same kind of thing, but with your parents acting as guarantor instead of the Government (see right).

There are other options that reduce the amount you need to save. The Help to Buy ISA is still around and this gives your savings a boost of 25 per cent of the amount you save, from the Government. The Government top-up has a cap of £3,000. It makes up for the poor rates of return on the ISA itself (cash accounts from mainstream banks and building societies).

Other options include:

Shared Ownership. Another form of Help to Buy, this allows you to buy a share of a home (between 25% and 75% of its value) and pay rent on the remaining share. You could buy bigger shares when you can afford to later on. To qualify, your household earnings must be below £80,000, or £90,000 if in London.

The **Unmortgage**. An interesting idea based on Shared Ownership but offering a lower minimum share: you own 5% of a home and pay rent on the rest. As you buy more of your home, you pay less rent.

Parental guarantor, family offset, family deposit and flexible family mortgages:

Time to ask the parents again. The guarantor loans mean that your parents have to stump up if you miss repayments. Tell them not to worry too much, some of these loans mean parents are only liable for a portion of repayments, not the whole lot.

Family offset – quite complicated. If your parents have a lot of savings they don't intend to touch for a while, they can use these to reduce the amount you need to borrow, reducing your repayments. Your parents won't earn any interest in one of these.

Family deposit – your parents, or grandparents' savings are used as a deposit and act as security for the loan, meaning if you miss repayments, your folks lose some savings.

The Flexible Mortgage, from the **Family Building Society**, is a mix of all of the above.

Jonathan Yates, 25, is a technology consultant.
He rents with friends in Streatham Hill, South East London

A real life hipster said...

Do you feel hard done by financially?

Yes. Mainly because a lot of my income is given straight to a landlord and I am not able to invest in my own property. London is a very expensive place to live, as everybody knows, and on a modest salary you cannot help feel a little hard done by when you don't get any return on your earnings.

Do you and your friends talk about money?

Not that often, apart from when we are in the week approaching payday (falling on hard times!) It's usually conversations on how we don't have the money to go out at the weekend that crop up and we cannot fund a trip to the pub at the end of a month, that sort of thing.

Do you save money?

No.

Do you have a pension?

No.

Do you have student debt? How much?

No.

How much do you spend on rent?

£750pm

How much do you spend on going out to bars/ restaurants etc?

£30-50 p/w = bars
£30pm = restaurants

How much do you spend on travel?

£1,000 a year

Do you think you are good with money?

No. I could make more effort to find ways of being savvy with it. I am slowly but surely coming round to ways that might help me save, so I might make it a New Year's resolution for 2017 to make more gains.

Saving and Investing

If you have a savings account, that's really sweet and good, but if you want your money to grow in value and not just sit there like a turkey in the freezer after Christmas Day, then you have to start making baby steps towards investing.

True, there are some benefits to cash, like very low risk (deposits are covered by the Financial Services Compensation Scheme), easy access and tax-free options such as cash ISAs as well as the tax-free allowance on savings interest up to £1,000 (you are pretty unlikely to tip this threshold unless you come into an inheritance).

But investing, rather than saving, is where the gains are at. Real grown-ups invest. Because interest rates are lower than a Monday morning after a big weekend and no one made millions sticking £50 in a 0.1 per cent deposit account.

The FTSE has returned nearly 15 per cent so far this year. That means that if you had invested £1,000 over the year, you would have earned roughly £150 on that money. As opposed to about £1 in a savings account.

David Newman, Head of Pensions at Close Brothers Asset Management, says: "Long-term planning, and avoiding putting off saving, is key. By putting aside as much as they can reasonably afford each month, benefitting from employee contributions, and taking on enough risk and focusing on long-term growth, millennials do have the retirement they'll want one day within reaching distance.

"Since 2002, market movements have benefited 25-34 year old pension savers, boosting the average pot by 168%. So you need to let markets do much of the heavy lifting over the next 40 years and deliver them the pension they need for the lifestyle they want to have in retirement. Long-term investment and the power of compounding is crucial to wealth accumulation."

The stock market can go down as well as up, of course. So there are things you need to do if you want to go down this route, like, diversifying (not putting all your cash in one company or even one fund). But it's not as hard as it sounds – and many stocks and shares ISAs will accept monthly deposits of £100.

Monthly deposits in stocks and shares ISAs are a good way to get used to how it works. These allow you to invest up to £15,240 a year in the stock market via funds or individual shares.

Excitingly, a new type of ISA is about to launch.

The Lifetime ISA. Due to launch in April next year, it's like a kind of ISA/Pension hybrid, with the Government offering to pitch in a further 25 per cent of what you save up to a maximum of £4,000, for everyone under the age of 50. So if you saved £4,000, you'd get an extra £1,000 from the ol' Treasury.

The catch is that you HAVE to use that money either to help buy your first home, or to contribute to a pension fund when you reach 60. You can see what they are trying to do here (NB. Many folk think that strong uptake of the Lifetime ISA will mean that the Government can slowly replace pensions with this altogether, saving the Government and employers lots of cash).

There is also something called the **Innovative Finance ISA (IFISA)**, which has just launched and allows you to lend via peer-to-peer lending platforms and not pay tax on the interest. The Government introduced this to support the growth of peer-to-peer as an alternative to savings (it's called peer-to-peer because it cuts out the bank middlemen and their huge cut from the lending and borrowing equation.)

This might be interesting to savvy and slightly bolder hipsters, because it typically comes with rates of around 5 per cent and you can lend money directly to cool businesses, like renewable energy projects (through the just launched Abundance IFISA) and to people just like you. It's a way of using your money that can have a bit more impact than letting the big high street bank stick it wherever it pleases. There aren't many IFISA providers yet though. And if you are opening more than one type of ISA, you have to be careful you don't end up losing your tax-free allowance. You can only open an IFISA with one provider (it's the same for Stocks and Shares ISAs – one platform only – although you can invest in a range of funds within that).

By Damien Lardoux, Portfolio Manager at EQ Investors

Positive screening examples

- Clean fuels
- Renewable energy
- Healthcare
- Recycling
- Sustainable agriculture

Negative screening examples

- Armaments
- Gambling
- Ozone depleting chemicals
- Testing cosmetics on animals
- Pornography

Analysis also takes into account environmental social and governance (ESG) matters relevant to a company's strategy and operations.

Putting your money where your values are pays off

At EQ Investors (EQ), it's been four years since we launched our Positive Impact Portfolios and they have been a terrific success, both in terms of performance and popularity. Impact investing is gaining traction with investors who want to invest their money in order to make a difference.

Changing times

The 21st century appears to have delivered a perfect storm of economic uncertainty, social upheaval and environmental change. Many people are questioning whether the traditional approach to investment, which has advocated the accumulation of wealth at almost any cost, is too one dimensional. Can such a singled minded objective really insulate you from the huge challenges we are all facing?

The rise of impact investing

Impact investing provides a new way of tackling the world's most pressing issues while still providing an attractive financial return. It also enables investors to place their money according to their values without having to forgo financial opportunities.

In recent years, this approach has become much more prevalent as people consider what the world will look like in the future. It's turning out to be an appealing investment approach for anyone who is worried about how their money is used.

The Positive Impact approach

In response to this growing demand, EQ designed a unique investment strategy called Positive Impact.

The best companies have always been the ones that innovate, find new ways to serve real needs and solve real problems, and we wanted to capture these impact investment opportunities. The positive impact approach seeks out companies making a positive approach to society or the environment (positive screening), whilst avoiding companies that are obviously harmful (negative screening).

Overcoming preconceptions

Since their launch in 2012, the Positive Impact Portfolios have demonstrated that you don’t need to sacrifice returns when you want to do good. For example, the balanced risk profile, our most popular, is up 47.9% or 10.3% annualised since launch (as of 30/09/2016).

The positive impact approach leads to selecting companies that are bringing solutions to real social and environmental problems to market, and actively trying to run their businesses in a sustainable manner. They also tend to operate in emerging sectors with high-growth potential.

No fund is included in the portfolios based on its social or environmental credentials alone – it must also aim to deliver an attractive return for its sector of the market.

Future prospects

Understandably, the future for impact investing looks promising. The market had an estimated worth of $60 billion worldwide in 2014, and is expected to jump to between $400 billion and $1 trillion over the next three years. A growing market means there will more opportunities for people who want to get involved.

How to invest with EQ

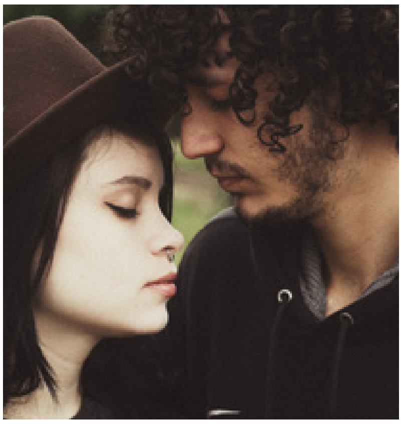
Over the course of the last twelve months we’ve increased availability to retail investors via our low cost **Simply EQ service** with a choice of ISA or pension accounts.

If you want to improve the world into which you will retire, and which your descendants will have to inhibit, impact investing might be for you.

If you are interested in the positive impact approach, please get in touch.

The value of investments can go down as well as up, and you could get less than you invested

You might look like this now:



But one day, you will look like this:

The P-word

No not that one (how rude!), but Pension.

The state pension is not a reliable thing for your generation. Without wishing to scare anyone too much, it might not even be around in a few years. The fact is you will probably live a long and healthy life (it's what all those super juices are for, after all), and you will need some money to fund your winter years.

If you have a job, you are probably by now auto-enrolled in a workplace scheme, which is just great news.

Only fools opt out of these, unless you are an investment whizz and feel you could do much better investing that money yourself, or you really, absolutely conscientiously object to where your pension fund provider is investing your cash (there are no responsible workplace pension schemes yet, which is pretty appalling), then you should just let your employer put some of yours and their money into this. In fact, if you can afford to increase your contributions, then do so. Your employer should increase their contributions to match your increase, up to a certain limit.

The self-employed might lead a cool lifestyle of working on laptops in coffee shops, but they're heading for poverty in old age.

If you are self-employed, you are less likely to be saving into a pension as you don't have a workplace scheme. Still, it's super important for you to save as much as you can in a combination of ISAs and pensions (you can choose a private pension or even a "Self-Invested Personal Pension" (SIPP), where you choose what to invest in yourself).

PensionBee is a platform that might particularly help the self-employed save for retirement. **Nutmeg** is another. **Aviva** is among the largest pension providers in the UK and has a commitment to sustainable investment.

Investing action plan

Step one:

If you can afford to set aside a bit each month without getting into trouble, open a Stocks and Shares, Innovative Finance or from next April, a Lifetime ISA. ISAs are "Individual Savings Accounts" and they are tax-free (because you might not have realised, but tax can be due on savings in regular savings accounts, although only after you've earned £1,000 in interest, which is something only people with loads of money ever do).

Step two:

Do a bit of research into the best performing/ highest positive impact funds. If you have no idea how to choose a fund, take a look at Fund EcoMarket or 3D Investing for investment funds that are socially and environmentally responsible.

Step three:

Set up a monthly direct debit for whatever you can afford into your exciting new ISA. You can set up direct debits from £100 a month with platforms such as Hargreaves Lansdown.

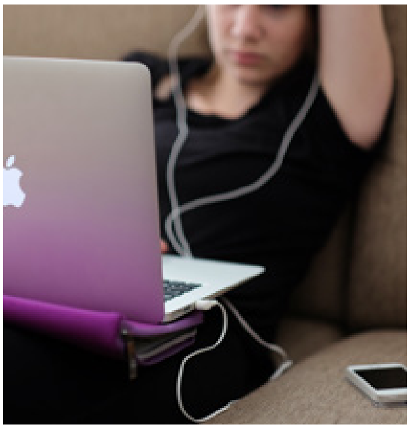
Don't be tempted to withdraw what you have invested – have an aim of leaving it in there til you a) buy a house b) retire. Like an annoying spot at the end of your nose, you have to just get on with life and pretend it isn't there.

Old-fashioned wisdom

No matter what your age, there are still good money habits that will stand the test of time, and the under 35s would do well to mix in some old-fashioned financial wisdom with new ways of applying it.

Where your parents and grandparents actually got it right with money was:

- **Save little and often.**
- **Don't draw upon your savings – pretend they aren't there.**
- **Live within your means.**



Digimon-ey

Nearly 90 percent of millennials are actively using two to three devices a day, and roughly half are using social media or other internet-based tools to interact with their networks or influence buying decisions, according to Elite Daily.

But apart from accessing internet banking via an app, what else can you do with money on your phone?

Banking apps have been around for a while. But as far as the progress of financial services in the digital age goes, this has been pretty much it. Until recently.

There's a rebellion going on in financial services. Many of the "fintech", or financial technology that is transforming the banking industry via "disruptor" or "challenger" companies is focused on delivering apps to millennials that are actually useful, using data about your spending and saving to help you manage your money better (rather than selling it on to the highest bidder), sending you text and facebook messages as prompts and generally acting like a non-judgmental, benign authority figure in your finances.

There are now online wealth managers (don't be put off by the word "wealth" just because you haven't got much yet) such as Nutmeg and Moneyfarm, which have apps and offer low minimum investments and low charges, helping to make investment more simple and more accessible to younger people who might have felt that it wasn't for them before. *NB. They are democratising access to investing, but if you are bothered about where your money goes, they might not be for you, because they just plonk your cash in a generic "tracker" fund, which tracks the performance of the wider stock market, rather than singling out companies that are doing good.*

Some platforms enable investment from as little as £100 (although it's sometimes more like £1,000), making it easy, convenient and even fun to invest regularly. One app – Moneyboxapp, rounds up what you spend to the nearest £1, and invests the difference weekly on your behalf into a tracker fund.

Robo advice platforms

They don't actually like being called robo-advice, but rather than meaning an actual robot giving you advice, it just refers to online wealth managers who ask you a bit about yourself, your attitude to risk, your goals, age, income, etc; stick all that info into an algorithm, then produce a portfolio of investments for you based on all the info you gave them.

The idea is that this is cheaper than full-on financial advice from advisers, and takes the pressure of those who do not want to manage all their own investments.

The technology behind them is ace and they do encourage you to get interested in what your money is doing. Transparency is a priority for these sites – so they can show off how much they save you over time by charging such very low fees, but also by making it clearer what is happening to your money at all times.

Despite this focus on transparency, we only know of one – EQ Investors – that offers a positive impact portfolio. The rest are mostly passive index-tracker funds, which are low cost, but just track the market rather than backing good companies and telling bad ones to f'off.

It's hard to choose between the platforms as their fees are all quite low and the way they choose to invest your money, quite similar.

Here's a handy list of some of the robo-advice platforms you could choose from (for a more comprehensive overview of charges etc, check our blog):

EQ Investors (co-sponsor of this guide, see article above)
Nutmeg. Super-whizzy, great tech, been around few years now. It has lots of useful guides for newbies
Moneyfarm. As above – and your first £10,000 invested is free of charge. Good goal.
Flying Colours. What we like about this one is the friendly adviser who pops up in the corner. It's a bit more hands on and closer to advice than robo.
Scalable Capital.
Wealthify – this one is very much targeted at millennials and is very hand-holdy for those new to investing.

How to make the most of the digital money revolution:

Try banking services from one of the new providers, such as Loot and **Starling Bank**. One of the USPs of the new breed is that use data about your income, saving and spending habits over time to help you manage your money. Loot even hopes to offer customers discounts at their favourite shops and cafés. Tandem and Mondo are other "challenger" banks that promise a much more millennial friendly user experience than the big banks.

Give crowdfunding a go. It sometimes involves taking on more risk (depending on what you are investing in), and for this reason, you usually have to declare that you are a sophisticated investor for some big sites such as Seedrs. But others, like **Abundance**, offer investments that are not quite as risky (because they are loans rather than equity shares) and start at just £5, so you can dip in without risking your life savings.

If you love to crowdfund and invest in things like community shares here and there, you've probably got £50 investments all over the place. Even if you haven't, you might soon have a few money apps on the go and several different types of insurance policy. You might try consolidating all of your financial information in one place using an app like **This is Bud** or a friendly money management tool such as **Cleo**, a lifestyle money assistant.

Try a bit of robo-advice if convenience is your number one goal for your cash.

By Jennifer Palmer,
head of product proposition
at Starling Bank

How digital banking can teach you about you

Confident, self-expressive, liberal, receptive to new ideas and ways of living: these are some of the descriptions associated with the millennial.

They're also called digital natives, considered amongst the best-educated generation ever to enter the workforce whilst being the worst paid. Personal wealth has halved for millennials compared to their parents.

But the only real similarity shared by millennials is the fact they were born between 1980 and 1995. And even that demographic can be questioned. People between 17 and 35 are not a single group. They shouldn't be treated as such. Advice being offered needs to be as diverse as the people looking for it.

And this is where mobile money management is so useful.

People – particularly young techno-literates – have been taught that the answer to everything is more data.

Data to find the best deal on our holidays. Data to beat our personal best when running. Data to book where we should go next for dinner.

Though additional data can be helpful, insight and the immediacy of that insight is what can really drive meaningful decision making.

If RunKeeper can help them train for a marathon, why can't their bank help their budget for that once-in-a-life-time holiday?

The key isn't data, therefore. It's bespoke, personal insights.

Financial services don't yet provide enough insight. Despite over 80% of people under-35 conducting basic banking digitally, they, like every generation before, are expected to set aside time to sit down and budget to stay financial healthy.

But this is a bore, a chore.

To live better financial lives, people need to have better, easier, insights into their data – when they spend and make commitments.

Thanks to the power of the smart phone, access to the internet, and cloud computing, we can get generate practically any kind of information we need on the go.

But how many times have you ignored or deleted a message from a company before even opening it? Simply because you just knew it wasn't relevant or meaningful for you (due to the content, timing, or tone).

Making it relevant – giving value back from a mass of data – is therefore essential.

Traditionally, we've been taught to check our balance to understand how much money is in our account. It's up to us to keep track of whether our salary has come in or rent is paid. To ask the questions – is there enough money? Will I go into overdraft? Is there enough time to avoid potential costly fees?

However, with immediate access to data there is a better way to maintain financial wellness.

Through the mobile, users are given the ability to take action with little effort.

Moving money where they need it and setting goals is made simple. This means no longer missing opportunities to take a healthy financial step when inspired by an insight about their behaviours.

Likewise, because it's digital – money platforms have the chance to communicate with millennials in ways that resonate with them, using the right channels. Research recently showed that nearly half of people under-35 feel they are not receiving communication through their preferred channels. They feel left in the lurch.

Figuring out that Emily, 21, from Manchester, wants regular updates on her spending compared to Greg, 34, from Poole, who wants minimal alerts and notifications until he's nearing his overdraft, shouldn't be that hard.

Ensuring access to services that support a positive end balance should be fundamental in a financial relationship. But unfortunately, due to the lack of competition and diversity in product offerings this is not the case in the UK retail banking market. This is where lots of new innovation is stepping in and finding areas of opportunity and growth.

Access, insights, data – these provide people a means to take control and establish healthier financial position. Some situations take time, but any athlete will tell you it takes time and focus to improve on a personal best. Taking a cue from fitness, reinforcing progress in short timeframes and over the distance can reinforce healthier decisions.

The digital revolution is transforming the way young people interact with their money.

By Becky O'Connor
Good Money Girl

Brand loyalty – be careful who you get into bed with

My first was Royal Bank of Scotland. They sent me a piggy bank when I was seven, my mum banked with them so would take me to the branch down the road with her... and I stayed faithful until I was 22.

I finally got angry about the way I had been mistreated as a student – as a cash machine for the bank, essentially, with bits of interest and unauthorised overdraft charges adding up to more than £700 over a four-year degree and a £500 credit card to pay off at the end of it – and I ditched RBS for a more deserving suitor.

Like the worst lovers, banks treat young people mean, but they remain keen. This is partly to do with a lack of financial education. You put up with it because you think, wrongly, that this is just the way it is and all banks are the same. Like sticking with the wrong person because you think they are the least bad, there's a better-the-devil-you-know attitude to bank choices.

Things have improved in the 13 years since I was a student – banks do not extend as much credit and debt to students as they used to - but they do still charge students exorbitant interest (the same as working adults) if they go over their overdrafts. This, for a generation of young people who are in debt from the moment they set foot on campus, is pretty galling. Using student loans – debt – to repay overdraft fees – debts on top of debts, is surely a post-post-modern step too far.

Brand loyalty towards brands that don't really deserve it is something young people need to be quite self-aware about. You are worth a lot – that's why banks spend so much time trying to court you when you are a student.

And millennials can be a loyal bunch, if you feel you have an authentic connection with a company. Just be careful where you place that loyalty. Barclays might offer you a £3,000 overdraft, Pingit and Apple Pay, and that might make you feel loyal, but remember, it also invests millions in UK fracking every year.

Even if the branding isn't as whizzy and the terms not as apparently generous, you might be better off with a Nationwide or Co-operative bank account than remaining in a love-hate relationship with one of the Big Four.

The F-Word

That's F for final, of course. It's all going to be ok, really. Save whatever you can, and move saving higher up your priority list than clothes, always. Talk about money more, with your friends, your parents, the boy on the bus. Before you spend £200 on a ruck sack, imagine what the you in ten years' time would do. There's a money revolution happening and you will benefit from it. Get involved, help shape it and make the world a better place.

Want to get in touch with us or any of the providers in this guide?

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