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How an **Olympic mindset** could help you manage your finances effectively

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What makes an Olympian? Natural talent or the hours put into training might be the first things that come to mind. However, their approach and mindset play an important role in their achievements too.

An athlete's mentality will have a huge effect on how they pursue goals and their ability to perform well when it matters most. Getting in the right frame of mind for success could mean the difference between making the Olympic team and missing out.

With Paris hosting the Olympics in 2024, now is the perfect time to look at what you could learn from Olympians when it comes to managing your finances effectively.

Read on to discover some of the steps you could put into practice.

Team Great Britain has seen huge success at recent Olympic Games

The last few Olympic Games have been hugely successful for athletes from Great Britain.

At the London 2012 Olympics, Team GB came third in the medal rankings after taking home 65 medals, including 29 golds. The following games, which took place in 2016 in Rio de Janeiro, saw Great Britain take second place, with the US pipping them to first place.

The team fell out of the top three at the 2020 Tokyo Olympics where it ranked fourth, but could be poised to climb back up the rankings in Paris.

Olympic athletes are goal-orientated

Becoming an Olympic athlete often requires years of dedication and training, and a big picture view could help them overcome obstacles.

Making the Olympic team is a lofty goal – around 350 athletes will represent Great Britain in Paris out of thousands of hopefuls.

Having a clear goal can provide you with a focus and something to work towards. It may be useful when you want to manage your finances more effectively too. A goal could provide you with the motivation you need to stay on track, allow you to understand what success means for you, and help you consider what you want your future to look like.

As well as setting a goal, Olympians recognise that they'll have to sacrifice short-term desires to reach their long-term goals. Every Olympian will have made some sacrifice to be where they are, such as missing out on family events or holidays to continue with their training schedule.

Indeed, Laura Kenney, Britain's most successful female Olympian who has six Olympic medals to her name, noted the sacrifices athletes make when she spoke to the BBC about her retirement.

Laura said she knew it was time to step back from competitive cycling when she started to struggle with necessary sacrifices, such as leaving her children and family to train.

When you're working towards long-term financial goals, you might have to make short-term compromises too. For instance, to secure a comfortable retirement in the future, you might reduce your disposable income to contribute more to your pension each month.

It's not just the individual athletes that set goals and plan for the long term either. Team GB's recent successes can be linked to former prime minister John Major making the Olympics a priority after a disastrous performance at the 1996 Olympics.

Held in Atlanta, US, Team GB ranked 36th on the medals table with just one gold. As a result, Major decided to divert National Lottery funding into elite sports. It wasn't universally popular at the time, but it's had a lasting effect and is a key reason for the team's success over the last couple of decades.

Olympians are resilient when they face a setback

The path to becoming an Olympian is rarely an easy one, and many athletes face setbacks they need to overcome. Whether it's an injury or missing out on a coveted spot because someone else performed better on the day, what sets them apart is that they adjust their plan where necessary and keep working towards their goal.

Take former cyclist and six-time Olympic champion Chris Hoy for example. During the 2009/10 cycling season, he crashed out during the men's keirin final. An injury that first seemed minor was found to be more serious following a scan – finishing off his season and keeping him off a bike for almost three months.

Despite the setback, Hoy returned in the following year to take his 10th world title in the keirin event and, in the 2012 Olympics, he was part of the team sprint that won gold and set a record in the velodrome.

While you might not be racing in the velodrome, the unexpected can still happen in your life, including illnesses and accidents.

Being resilient to obstacles might begin by understanding potential risks. Being prepared and considering how the unexpected might affect you could mean you're able to take steps to minimise the effects.

For athletes, this could mean ensuring they're using the right equipment or training in a way that reduces risk of injury.

When it comes to finances, you might consider scenarios like how you'd cope financially if your income were to stop due to an accident that means you can't work for several months.

To help you overcome this potential setback, you may create an emergency fund to provide a safety net that would help you cover short-term expenses. Or you could opt to take out appropriate income protection cover, which would provide a regular income if you were unable to work due to an accident or illness.

As well as taking steps to minimise the impact of financial shocks, you can learn a lesson from Olympians about how they approach obstacles when they arise.

Reviewing your plan and understanding the effect an obstacle has is important – after an injury, an athlete won't go straight back to their usual training regime. They'll consider the potential risks and how they might need to rebuild strength. They may also need to adjust their goals, such as missing a particular event to ensure they have enough time to prepare.

Similarly, if you encounter an obstacle in your life that could affect your finances, taking a step back to review what it means in the short and long term could minimise the impact.

Olympic athletes break their performance down

According to the BBC, one of the reasons the Team GB cycling team dominated in the 2012 London Olympics was a focus on "marginal gains".

Speaking to the BBC in 2012, British Cycling's performance director Dave Brailsford said: "The whole principle came from the idea that if you broke everything down you could think of that goes into riding a bike, and then improved it by 1%, you will get a significant increase when you put them all together."

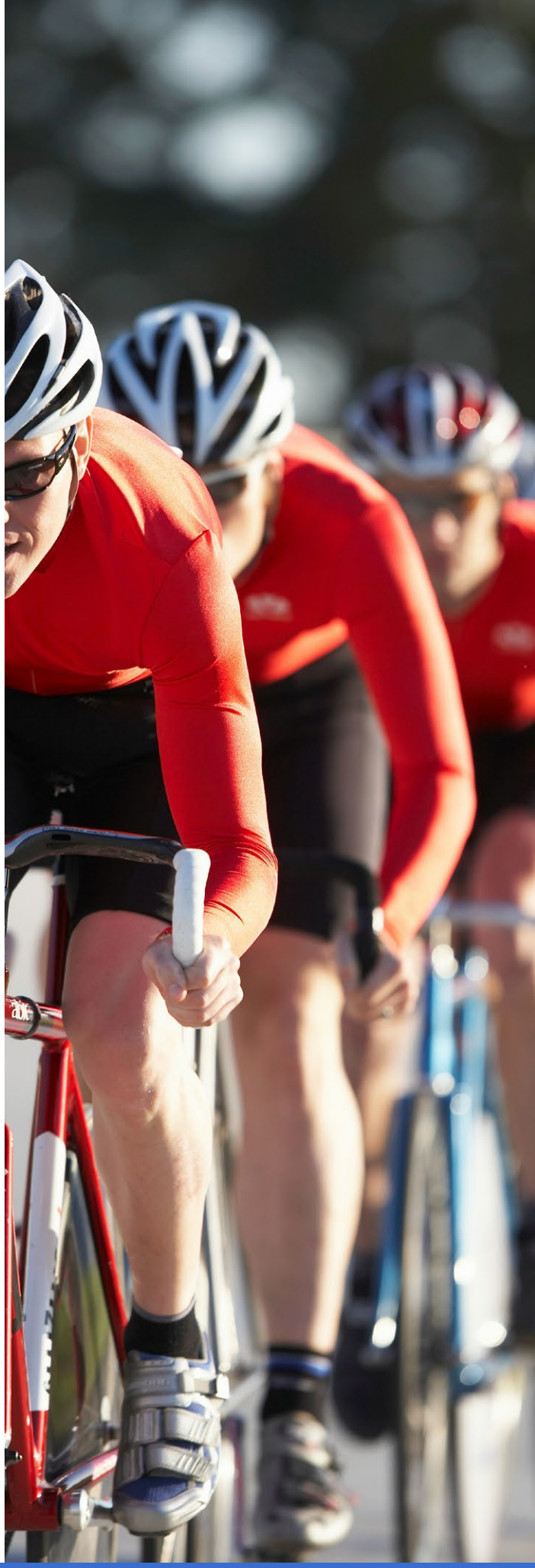
It's an approach that UK Sport sought to replicate across the whole of British sport for the following Olympic Games in Beijing.

A relay race team might break down their performance to focus on different areas, from the technique of the first runner coming out of the blocks to how they pass the baton. A small improvement in each of these areas could mean the difference between just missing out and a spot on the podium.

This approach to improving sports performance can be an interesting way to look at your finances too. Often, to reach your goals, several different aspects of your finances will need to work together.

For example, if you're thinking about retirement, you might think you need to focus on your pension. However, other areas will play a role. Whether you've paid off your mortgage will have a large impact on your disposable income once you give up work, and you could use other assets, such as savings and investments, to supplement your pension as well.

So, when you're reviewing how to manage your finances more effectively, breaking down the bigger picture and understanding how you could improve the performance of different aspects of your financial plan could be worthwhile.



UK Sports distributes funding based on medal potential

The way funding is allocated to sports can provide a useful financial lesson too.

According to UK Sport, more than £274 million was invested in Team GB for the 2020 Tokyo Games. This sum is distributed to different sports depending on how likely they are to win medals. For example, cycling was allocated more than £24 million in the period for the Tokyo Olympics after huge success in the previous games. In contrast, handball was awarded just £8,400.

This hasn't always been a popular method, with some sports missing out on vital funding, but it has undeniably led to more Olympic medals.

When it comes to your financial plan, discovering what works for you and focusing on that could help you achieve your goals too.

Olympians keep their emotions in check

Competing in the Olympics is likely to come with a lot of emotions for the athletes involved. They might feel pride in making the national team and excited to be taking part. Equally, they may feel nervous and stressed as the date of their event nears and the cameras turn to them.

Keeping emotions in check so they can still perform to the best of their ability despite the pressure they might feel is an important part of Olympic success for some athletes.

You may not have millions of people watching you when you're making financial decisions, but that doesn't mean it can't be stressful.

Like athletes, knowing when to let go of your emotions and focus on what you need to do could be valuable.

Investing provides a good example of how emotions may affect your financial decisions. Seeing the value of investments rise or fall sharply can lead to emotional responses, from excitement to fear. If you base your decisions on these emotions, it could lead to you making choices that aren't right for you and your long-term goals.

Instead, focusing on the facts and your long-term plan could help you minimise the effect of emotions.

Olympians recognise the importance of recovery periods and celebrating wins

While Olympians are often focused on their end goal, they also recognise the importance of recovery time and celebrating their wins. Indeed, a break can help athletes come back to their goals feeling refreshed and motivated.

After defending his 100m breaststroke title at the 2020 Tokyo Olympics, Adam Peaty said he was "going to enjoy the next 24 hours" before getting back to his training for his next race. Before the end of the games, he added another gold and a silver medal to his list of accolades.

You might not need to ice your muscles after putting money away for your retirement, but it's an important reminder to enjoy the journey towards your larger goals.

Pooling all your money into a pension for your retirement might seem like a good idea. Yet, it could mean you miss out on experiences now. So, rather than giving up holidays, trips out, and hobbies now, striking a balance is often important.

However, creating the right balance for you can be difficult. Fortunately, it's an area a tailored financial plan could help with.

The Olympics is a reminder to try new things

While some of the sports in the modern Olympics date back to the ancient games, new sports are reviewed and added to the programme too.

At Paris, breaking – an urban style of dance – will make its debut and become the first dancesport discipline to appear in Summer Olympics history. In 2020, skateboarding, sport climbing and surfing all made an appearance for the first time and proved popular enough to feature in the games in 2024.

By helping you understand the long-term effects of your financial decisions, a financial plan could be useful when you're weighing up different options. You might find that you're on track for retirement, so you feel comfortable spending more now to tick off items on your bucket list. Or, if you find there's a potential shortfall in your finances, you're able to review the ways you could adjust your budget and bridge the gap.

Olympians work with professionals to boost their performance

While it's the athlete who hopes to stand on the podium, many other people are likely to have played a role in their success.

An Olympian will usually work with a coach, and some may have several who each focus on different areas. They might also use the knowledge of nutritionists, equipment specialists, and therapists to help improve their mindset. In many cases, securing a gold medal involves the efforts of a team, not just the athlete.

It's not just about identifying the right people to help you either. To make the most of the professionals they work with, Olympians are likely to need to be open to learning and looking at their performance from a different perspective.

Our expertise could support your goals

To manage your finances effectively, you don't need to engage the services of a sports coach, but you can think of a financial planner in a similar way.

As financial planners, we'll work with you to identify your goals and create a blueprint that may help you reach them. We'll be there to offer guidance when you face unexpected setbacks, update your plan when your circumstances change, and, hopefully, celebrate your successes.

If you'd like to arrange a meeting to talk to us about how to manage your finances effectively, please get in touch.

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Please note: This guide is for general information only and does not constitute advice. The information is aimed at retail clients only.

The value of your investments (and any income from them) can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

Investments should be considered over the longer term and should fit in with your overall attitude to risk and financial circumstances.

A pension is a long-term investment not normally accessible until 55 (57 from April 2028). The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available. Past performance is not a reliable indicator of future performance.

The tax implications of pension withdrawals will be based on your individual circumstances. Thresholds, percentage rates, and tax legislation may change in subsequent Finance Acts.

Note that financial protection plans typically have no cash in value at any time and cover will cease at the end of the term. If premiums stop, then cover will lapse.

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