



10 Basic Steps to Getting Smart About Money

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1. Get Organized

Make Time to Flex Your Money Management Muscles

An important step in achieving a financially fit lifestyle is to get organized. This requires managing not only your financial documents, but also your time. Getting smart about money won't happen overnight. It requires a long-term commitment. During the next month, dedicate time each week to thinking, talking, and learning about money management. Consider financial planning to be part of your normal routine. Just as you would schedule time to go to the grocery store or visit the gym, you should also plan time to maintain a healthy financial life. Commit 30 to 60 minutes each week toward financial planning. Talk with your spouse or partner about working on your plan together.

2. Know Where Your Money Goes

Keep Track of Your Expenses

Gaining control of your financial situation and using money to help you reach your goals is possible, but first you must recognize where your money goes. Evaluate your habits. Start by jotting down everything you think you spend money on during a one-month period. Next, make a list of what you actually spend during that month. Be sure to write down everything you buy and how much it costs. Include rent, car insurance, groceries, and even small purchases such as coffee or snacks.

3. Shop Smarter

Increase Your Purchasing Power

Making smarter spending decisions is another way to "find" money without actually making more.

4. Look at Your Debt

Take the Pain Out of Paying

As you continue your journey toward financial well-being, consider the amount of money you currently owe. The sooner you identify exactly how much debt you have, the sooner you can make a plan to pay it off. The quicker you pay it off, the less you'll have to pay in expensive interest charges, and the more money you'll have available for meeting your financial goals.

5. Reduce Your Debt

Put Your Plan Into Action

After assessing how much money you owe, you may learn that you're carrying too much consumer debt. Don't let this realization overwhelm and paralyze you. By combining financial planning with debt management techniques you can reduce your debt.

6. Build a Strong Credit Report

Find Out What Others Know About You

Your credit report is a record of how you've paid your debts in the past. It shows the current amount of debt you have, and how much debt you've repaid. Maintaining a strong credit report can help you in a number of ways. You can obtain more favorable terms on loans and mortgages, it will be easier for you to receive credit, and you might even get a better rate on your auto insurance.

7. Save For Your Future

Pay Yourself First

Saving money is not easy, but it's essential to achieving financial well-being and securing your future. One of the best and easiest ways to save money and start a strong retirement income planning program is to pay yourself first. Every time you receive a paycheck, save a certain percentage of your income before spending money on anything else. You may choose to have your bank automatically deduct a certain amount of money from your account each month. This way, the money never hits your pocket, so you won't miss it.

8. Set Financial Goals

Be Smart About Your Goals

Perhaps you'd like to take a vacation next summer. Or, maybe you hope to go back to school in the next five years. Whatever your goals might be, you have a better chance of achieving them if you write them down. As you list your goals, divide them into three categories: short term, medium term, and long term.

9. Create a Spending Plan

Draw a Spending Map So You Don't Get Lost

Putting your financial goals in writing can make them seem more concrete and achievable. However, it's easy to allow everyday purchases and obligations to get in the way of saving for the future. One of the best ways to make sure your daily spending habits don't overwhelm your life goals is to create a spending plan. A spending plan is not meant to be a strict budget. Instead, it's a guide that will help you take control of your financial future and, ultimately, reach your goals.

10. Invest Money to Reach Your Goals

The Basics of Investing

Once you've identified your financial goals and established a spending plan, you know what you're saving for and how much you'll need to get there. For longer-term objectives, one of the best ways to watch your money grow is to invest.