Take Control of Your Finances With A 30 Day Step-by-Step Plan

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"Financial freedom is available to those who learn about it and work for it."

- Robert Kiyosaki

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Do you feel like your circumstances have taken control of your financial life? Are you living paycheck to paycheck, just barely making it, just as long as things go well for you?

What happens when the air conditioner goes out, the car breaks down, or the fridge goes on the fritz? If these inevitable financial hiccups have the power to turn into major crises or set you back so far that it takes forever to catch back up again, then you'll be happy to discover that life doesn't have to be this way at all!

Regardless of your income, you can retake control of your financial life and look forward to a secure future. All you need is a clear plan – based on your own circumstances – to guide you to freedom.

During the next 30 days, we'll guide you step-by-step through your financial maze and help you make plans that put you back in control. As you follow these steps, you will build your financial literacy and begin to take action to set yourself up for the greater financial success you deserve.

Week 1: Budgeting

Creating a realistic, workable budget that you can commit to is the cornerstone of any plan to gain control of your finances.

A good budget helps you to accomplish many objectives:

- Record and track expenses and income
- Plan for unexpected events
- Identify areas that challenge you to keep spending on track
- Set and achieve financial goals

Follow these 5 easy steps to create your own budget and begin the process of gaining more control over your finances:

1. **Identify and list all sources of income.** The first step in deciding how to spend or save your money is to determine how much income you have coming in.

- Begin by listing all your sources of income, including the amount and frequency that you receive your payments.

- Income includes any money that you receive in the form of wages, business sales, or dividends as well as money from irregular sources such as windfalls, inheritances, yard sales, rebates, or even refunds.

2. **Identify and list all of your expenses.** Determine your expenses, their type, and their frequency. **It's impossible to control your expenses without first identifying them.** The two most common categories of expenses are fixed and variable:

- **Fixed expenses.** Fixed expenses recur on a frequent, regular basis. Your mortgage and rent payments, life, auto or health insurance premiums, and vehicle payments are common fixed expenses.

- **Variable expenses.** Variable expenses can occur infrequently or regularly, but the amount is typically sporadic or varies. Examples of variable expenses include your monthly grocery bill, household supplies, gifts, or bank fees. **These expenses are harder to estimate, but they're an important part of a workable budget.**

3. **The planning phase of your budget begins.** Once you've identified your income and expenses, you can begin to plan how you'll spend your money and meet your financial goals.

- Just as each person is a unique individual with their own talents, abilities and preferences, **each person's budget and financial goals are unique.** Despite this, there are some general rules and practices that everyone can use to increase their financial stability.
- In general, you'll want to save a portion of your income and use it to meet any number of common financial goals.
- Common financial goals that will increase your financial security and peace of mind include building a savings fund for emergencies, paying off debt, saving for short- and long-term needs, retirement planning, investments, and so forth.
- **It's important to leave room in your budget for fun or unplanned expenses.** Just like dieting to lose weight, if your plan is too strict, you are likely to cheat and not stick to it in the long term.

- When planning how much of your income to spend, save, and invest, take the time to **identify any areas that challenge you.** For instance, if you find that you frequently go over your budget for groceries, develop a plan to rein in costs at the grocery store.

- Identify areas of your spending that you can cut back on to fund your savings and investment plans. Also, **look for ways you can boost your income to add to your savings.**

4. **Automate common budgeting tasks to help eliminate boredom.** You are unlikely to stick to your budget if the process consumes too much of your time.

- There are numerous free and low-cost budgeting software programs available online. **Take advantage of these tools to make budgeting and controlling your finances easier and more enjoyable.**

5. **Keep your budget updated with frequent reviews.** By keeping your budget relevant to your current situation, you can ensure that you aren't caught unawares of changes in your income or expenses.

By taking the first week of your 30-day plan to create a budget that works for you, you are laying a solid foundation on which to build greater financial control and success in the following weeks and months.

"A good financial plan is a road map that shows us exactly how the choices we make today will affect our future."

- Alexa Von Tobel

Week 2: Building Savings

You've probably heard various financial experts talk about the importance of saving at least part of your earnings. You would be wise to heed their words.

Consider the benefits of building your savings:

- **Savings free you from various sources of stress,** such as the worry that comes from living paycheck to paycheck and wondering if you have enough saved for retirement.

- Stressing out over your lack of savings takes a toll on your physical and emotional well-being and can lead to arguments and strife with loved ones. **Saving helps you feel more secure, less stressed, and can strengthen your relationships with others.**

- **Savings can give you the freedom to get more enjoyment out of life.** Saving money makes it easier to take vacations or have funds available to pursue your hobbies and educational goals.

If you haven't started saving for your financial goals, you aren't alone. According to the June 2013 Financial Security Index Chart created by Bankrate: 75% of Americans don't have enough savings to cover at least 6 months of their expenses, and 27% have $0 in emergency savings!

The good news is that it's never too late to begin building your savings!

During the second week of your 30-day plan, use these strategies to increase your savings and begin to reap the benefits:

1. **Identify your savings goals.** Savings goals can be grouped into three categories: short, medium, and long-term goals.

- **Common short-term savings goals can normally be achieved in less than 12 months.** Examples include establishing a $500 emergency fund to cover unexpected repairs or costs, saving for a vacation, or saving for a down payment on a new car.

- **Medium term savings goals normally take at least one or more years to accomplish.** Examples include saving at least 6 months of your living expenses to protect you should you lose your job, saving the money for a down payment on a home, or saving a sum to pay down debt.

- **Long range savings goals take many years to fully fund.** Examples include saving for your retirement or the future college tuition of your children or grandchildren.

2. **Plan to meet your goals.** As you create each savings goal, **design a workable plan that will enable you to begin making it a reality.**

- Ideally, you will create separate accounts for each savings goal. Savings for short-term goals should be kept in funds that are easy to get to, such as a standard savings account at a bank.

- Medium and long-term savings goals can be invested in ways that will help the balance to grow over a longer period of time, such as CDs, mutual funds, annuities, stocks, and bonds.

- Increasing your savings, especially in the long term, sometimes means exposing the initial investment to some risk. As you near the time frame for completion of your goal, you'll want to reduce your risk and make it easier to access those funds.

3. **Increasing your savings means changing your spending patterns and behavior.** Most of the time, you can find the necessary funds to increase your savings by exercising greater control over your spending. **Reducing your spending on variable expenses is a great place to start!**

- Look for ways to reduce wasteful and unnecessary spending. Eliminate subscriptions to newspapers and magazines that you infrequently read and cut back on services for your cable TV and home telephone. Contact your carriers and seek discounts for bundled services.

- Contact your insurance and banking companies and see if you are eligible for discounts based on your customer status and your club or group affiliations.

- Contact your electric company and ask for a free energy audit of your home to identify areas where you can reduce your consumption and lower your electric bill. **Follow their advice and save money by plugging leaks and installing energy efficient appliances.**

- Reduce your food bill by eating at restaurants less often and eliminating fast food meals. Coffee, beverages, and most meals are nearly always less expensive when they are prepared from whole foods at home.

- You can further reduce your food bill by searching for grocery store coupons online and combining them with loss leaders and daily specials. For the greatest savings, plan your meals around foods that are on sale.

- Once you begin to critically examine how you are spending your income, you will surprise yourself at all of the ingenious ways you discover to save money!

4. **Boost your savings by increasing your income.** Reducing your expenses is only half of the equation. It may also be necessary to increase your income to meet your savings goals. More details about increasing your income follow later in this guide.

5. **Start saving early.** While it's certainly true that it's never too late to start saving, the sooner you start, the more time you'll have to allow the power of compound interest to effortlessly grow your savings.

By spending the second week of your 30-day plan on discovering ways to build your savings, you're well on your way to a more secure financial future!

> "Save a part of your income and begin now, for the man with a surplus controls circumstances and the man without a surplus is controlled by circumstances."
>
> - Henry Buckley

Week 3: Paying Off Debt

Throughout human history, uncontrolled, unsustainable levels of debt have led to the destruction of both individual households and entire countries. The most recent recession in the United States began in 2008, and the cause can be partly attributed to too much debt.

One of the biggest drawbacks to acquiring debt is the interest that makes it difficult to pay off. Most forms of debt involve interest, so the balance is constantly growing. Making debt payments also takes away from the money you might otherwise get to spend on things such as home repairs, clothing, or increasing your savings.

Reducing the amount of your debt increases your financial security. When you pay off your debt, you have more money to put towards savings or pay your other expenses more easily should you experience an unexpected drop in your income.

Use these debt-reducing strategies during the third week of your 30-day plan to achieve greater financial security:

1. **List your debts.** Make a list of all your debts and include the interest rates, the amount and frequency of payments for each one.

- Ensure that you've budgeted enough funds to cover your minimum payments, so you avoid late fees, additional charges, and damage to your credit rating.

- Late payments can damage your credit score and make it more difficult to obtain future credit as well as increase the interest rate that you must pay.

2. **Decide on a debt repayment strategy that you can stick to.** There are a few well known strategies for paying off debt, but only you can decide which one will work best for your personal situation.

- A common debt repayment strategy is to focus your efforts on paying down the credit card or account with the highest balance and interest rate first. Once this account is paid off, you then take the amount you were paying on this account and add it to the minimum payment of your next debt account.

- If you have several smaller debts, it may make more sense to focus your efforts on paying off one or two of these smaller amounts very quickly, and then adding the payments from these accounts to those with a larger balance.

- Regardless of the amount that you owe, most financial experts advise against taking funds from your retirement or other long-term savings accounts to fund debt repayment.

- If you can't find money in your current budget to use to pay off your debt, look for ways to increase your income rather than raiding your retirement accounts.

- Continue to save towards your other financial goals while you work on paying off your debt. In this way, your savings have a longer period of time to take advantage of compound interest and long-term trends in the bond and stock markets.

3. **Once you are out of debt, plan to use that money to help you achieve your financial goals.** Rather than splurging on unnecessary expenses, or going back into debt, take the money that you no longer need to spend on debt repayment and use it to increase your savings or purchase long term assets that increase your wealth.

- **Learning to plan for repairs and common expenses, and creating a savings plan for these items, can help you to stay out of debt.**

Uncontrolled debt is dangerous to your wealth and financial security. Whenever part of your income is tied up with the servicing of your debt, you're more susceptible to the negative effects of income reductions and price increases for products and services that you need.

Spending the third week of your 30-day plan designing a way to eliminate your debt will not only increase your wealth and financial security throughout the year, but also **paying off your debt can increase your peace of mind, happiness, and fulfillment.**

"Debt can turn a free, happy person into a bitter human being."

- Michael Mihalik

Week 4: Increasing Income

For most of us, the final step to achieving our financial goals lies in finding ways to increase our income.

When you increase your income, it logically follows that as long as you keep your expenses the same, or reduce them, you'll have more money to achieve most financial goals, including:

- increasing your savings
- paying down your debt
- increasing your investments
- saving for retirement
- acquiring debt-free assets
- creating additional revenue streams

Increasing income, however, is often easier said than done. After the financial shocks of the last several years, many employers are reluctant to increase the salaries of their workers. For most, less overtime and fewer bonuses are available, so it's difficult to increase your income if you rely solely on your paycheck.

During the fourth week of your 30-day plan, consider these ways to boost your income:

1. **Sell assets you don't need or use infrequently.** Examples include selling a second car that you rarely use or having a yard sale for items you no longer want, like gently used children's clothing, electronics, and common household items and gadgets.

- For the best results, be certain to save, rather than spend, the proceeds from your sales.

2. **Consider taking on a part-time job, even if it's just on a temporary or seasonal basis.** By increasing your income with a second job, you can obtain the funds necessary to achieve your financial goals.

3. **Look for ways to turn your hobbies into a secondary source of income.** Do you have a hidden talent, such as woodworking, singing, or drawing? Look for ways to use these skills to sell products or services related to your hobby.

- **You could also teach or demonstrate your skills to pick up some extra dollars.**

4. **Create multiple lines of passive income streams.** Use some of your savings to buy investments that produce a passive income stream, such as buying a property that will produce rental income.

- **If you are great at selling, market the products of others for a share of the sales.** Green products and cleaning supplies, clothing, jewelry, and decor are just some examples of products where you can earn a commission when you sell their products.

By spending the fourth week of your 30-day plan creating ways that you can increase your income throughout the year, you give yourself greater flexibility to achieve your financial goals.

> "Everyone knows that if you can keep on making money, everyone's happy."
>
> - David Stern

Follow Your New Plans and Live the Life You Dream Of

You've spent an exciting 4 weeks developing detailed plans to make your financial dreams come true. Use these last 2 days to fine-tune your plans: review them and add any last details you may think of that will make them more workable and easier to put into practice. The easier they are to follow, the greater success you'll enjoy in achieving your goals.

Start taking action to follow your plans.

From time to time throughout the year, go over them again to ensure that they're still relevant to your goals. Tweak your plan whenever necessary to adjust to new goals or changing circumstances.

As time goes on, it may become difficult to stick to your financial goals. Challenges may arise that tempt you to put your plans aside.

Boost your long-term motivation and chances for success with these simple tricks:

- Surround yourself with others who share your financial goals and aspirations.
- Take time to celebrate each success as you work to achieve your financial goals.
- Start each day with positive affirmations that boost your willpower to stick to the plan.
- Avoid triggers such as people, places, and things that tempt you to spend excessively.
- Keep a list of every savings goal that you meet and every debt that you pay off and post it in a prominent place.

You'll find that this month of reflection and looking forward to exciting things to come was well worth your time. As your success at achieving your financial goals grows, it will become easier to stay on the course and maintain the plans that you made.

"Every financial worry you want to banish and financial dream you want to achieve comes from taking tiny steps today that put you on a path toward your goals."

- Suze Orman