

4 EASY STEPS TO
TAKE CONTROL
OF YOUR
financial health



Most of my life was spent gathering a large amount of debt, much like any other person.

- Student loan debt for my degree (which I never used...)
- Credit card debt, because my 18 year old self thought it was amazing to buy thousands of dollars of clothes and not have to pay for them right away
- Financing a car for waaaaay too long, because I had no idea what I was doing

My story isn't unique. In fact, it's probably the story of many of you. And there are plenty of people out there that have *more* debt. I thought that was the norm - have massive amounts of debt that you pay off for the rest of your life.

Technically, this is the 'norm' in society, but that doesn't mean you have to live this way. I learned from business mentors how being debt-free can create freedom in your life, more financial stability - and I wanted **that way of life**.

Since I knew absolutely nothing about finances, I embarked on a mission to learn as much as I could to turn my money life around. Along the way, I've made mistakes, found things that didn't work for me (uh...envelope system anyone?), and found things that did.

This workbook is to show you the top 4 simple things that turned my finances around for the better.

**Disclaimer: I am not a financial expert by any means. I have researched and found experts whose advice was reasonable and sustainable and applied that to my life over the past several years. I am simply sharing what has worked for me in hopes that it may help some of you as well!*

#1

Create a [Realistic] Budget

This part might scare you a little, but I promise, it will be ok! A budget is simply a tool that will allow you to keep track of your money coming in and going out. And once you know those 2 things, you can create a plan to achieve your financial goals.

The first thing you need to do is understand your current financial situation.

Print out at least 6 months of your bank statements to review.

First you want to determine your:

Essentials

These are the expenses required to live your life: housing, utilities, groceries, insurances, phone, car gas and maintenance, loan payments.

Extras

These are expenses that are not required. These types of expenses will vary by person, but include things like: pets, gym membership, going out to eat, shopping, travel.

Essentials and extras will depend on your specific lifestyle - for example, if you are required to travel for work, travel would be an essential. If you're a fitness instructor, a gym membership would be essential.

Next you want to determine which expenses are fixed, and which are flexible, or vary month-to-month.

Fixed expenses

Things like your rent or mortgage, insurances, loan payments, phone, etc. These are monthly payments that are always the same amount.

Flex expenses

Things like groceries, utilities, shopping, etc. These are payments that vary month to month. Look at what you've spent over 6 months and find the average. This will help you better plan for the future.

Finally, you want to account for your **Endgame**, or savings for your future.

Once you have your financials in hand, you're ready to put your budget together. Determine limits you want to set each month for specific categories, like shopping, eating out, etc.

Grab a copy of the [Budget Template spreadsheet](#) and start plugging in your numbers. The template has formulas already built in so you can see your totals for every category.



If you need a little extra help, check out this video where we detail how to use the spreadsheet.

**The Essentials, Extras, and Endgame concepts are from the book Rich Bitch by Nicole Lapin, which I highly recommend to anyone looking to learn more about finances.*

The goal here is to make sure that you're not spending more money than you're making.

If your expenses are greater than your income, you have some adjusting to do. Carefully review your transactions to see where you may be overspending in areas that you don't need to - shopping for unnecessary items, eating out excessively.

Now, as my favorite financial guru Nicole Lapin says, don't deprive yourself of the things you enjoy! You just need to account for it, and keep it in moderation if it's something that doesn't necessarily take you toward your financial goals. For example, I enjoy going out for a cup of coffee once a week, so I budget that in each month.

The screenshot shows a Google Sheets spreadsheet titled "Budget Template-Personal" with the following structure:

Income	Pay Period 1	Pay Period 2	Pay Period 3	Per Month			
Income 1				0		Essentials (70): \$0.00	Essentials: Bills, Groc
Income 2				0		Endgame (15): \$0.00	Endgame: Savings, 4
Income Other				0		Extras (15): \$0.00	Extras: Going out to
				Total Income:	\$ -		
				Total Expenses:	\$ -		
				Total Paid:	\$ -		

ESSENTIALS					
FIXED					
Item	Minimum Payment	Payment Due Date	Actual Amount Paid	Payment Date	Notes
Rent/Mortgage					
Home Insurance					
Car Payment					
Car Insurance					
Health Insurance					
Life Insurance					
Internet					
Phone 1					
Phone 2					
Property Tax					
Student Loan Payment					
Tuition Payment					
Total Fixed Essentials:	\$ -		Total Paid:	\$ -	

VARIABLE					
Auto Maintenance					
Gas (Car)					
Gas (Home)					
Water					

#2

Review Finances Regularly

Unlike that infomercial rotisserie cooker, you **cannot** set it and forget it with your budget!

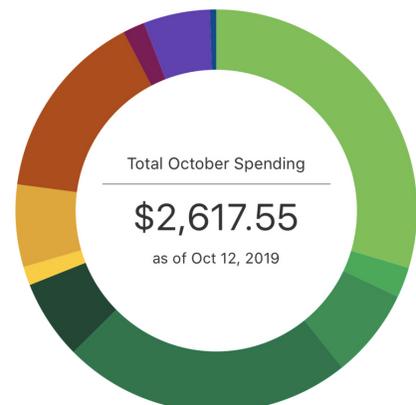
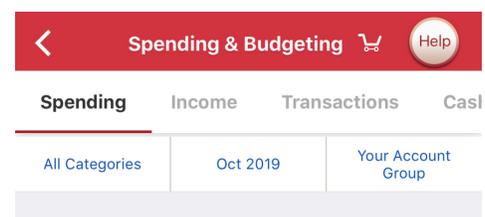
Ensuring you stay on budget requires regular and diligent review, but that doesn't mean you need to spend hours staring at numbers.

You need to update your budget spreadsheet with your spending each month and evaluate if you are on track, or if there are areas where you are overspending that you need to correct.

You should be reviewing monthly, at the very least, but weekly or biweekly is best. Each Sunday afternoon, I take 10-15 minutes to go through all the transactions I've had for the week and update my spreadsheet. *It takes less time the more frequently you do it.*

I take note if I'm reaching limits I've set on certain categories (hi, shopping category) and adjust my behaviors for the rest of the month.

Your bank should offer some budgeting tools that allow you to categorize and review your transactions. If not, you can use a third party tool, such as [Mint](#) (which is a great free tool that is easy to use) to help you with this process.



Bonus tip for budget review:

Pay close attention to your transactions, you could find things that shouldn't be there!

- **Look for subscription services that you don't really need.** It's very easy to sign up for a trial, then forget to cancel – in fact, that's what they're hoping for! They know you won't necessarily miss that \$8 each month. Scrub your subscriptions and cancel anything you don't absolutely need or want.
- **Look for suspicious charges.** These tend to be fairly small amounts because they don't want to draw suspicion – \$5 or \$10 here and there you don't notice right away, but it adds up quickly. (Ex: this happened to a friend after donating to a cause through Facebook; they continued to charge her multiple times.)



#3

Debt Payoff Plan

If you're anything like me, you thought having a bunch of debt and paying it off for the rest of eternity is just the normal thing to do.....

...well, technically it is the *norm*, but you absolutely **do not have to live that way!**

If you have debt of any kind, you need a plan to pay it off as fast as possible. Being debt free is an important part of creating financial health and freedom – after all, you can't really be free if you owe someone thousands of dollars.

On the [Budget Template spreadsheet](#), use the first tab to list out all of your debts (credit cards, student loans, car loans, mortgages, etc.). Include the entity you owe, your total amount due, interest rate, minimum payment amount, and due date.

On the next page, I will outline a couple of ways you can attack this debt using various methods from financial experts, as well as my own, which is a combination of several methods. Choose the way that will best fit with your lifestyle and that you can maintain. Even the greatest plan will fall flat if you don't take action on it.

Debt payoff methods:

There are many strategies you can use to pay off debt. Here are a few of the most popular.

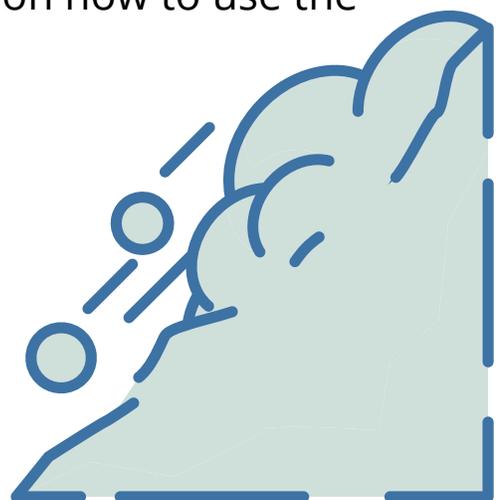
Avalanche Method

With the Avalanche Method, you pay off your debts in order from the *highest interest rate to the lowest*.

1. Make the minimum payment on **all** your accounts.
2. Put as much extra money as possible toward the first account, the one with the highest interest rate.
3. Once that debt is paid off, roll that debt's minimum payment to the next highest interest rate debt, and continue to put as much extra money towards it as possible.
4. Continue this tactic until all your debts are paid off.

The idea behind the Avalanche method is that because you're attacking your debts in order of highest interest rate, you'll pay less in the long run, and get out of debt faster.

Here is a [great article from NerdWallet](#) on how to use the Avalanche Method.



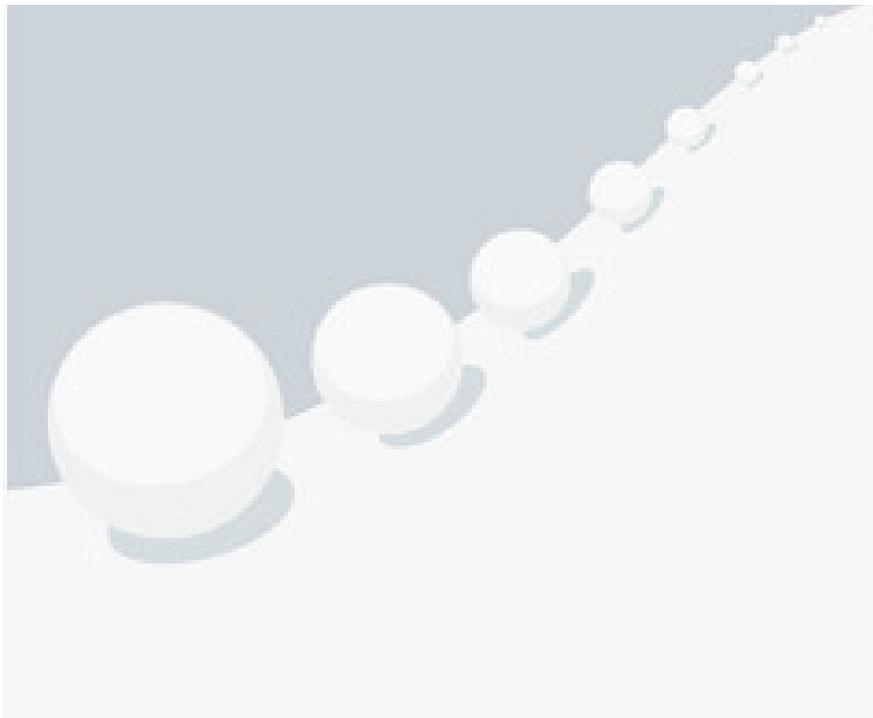
Snowball Method

With the debt snowball method, you pay off your debts in order from the smallest balance to the largest balance.

1. Make the minimum payment on all your accounts.
2. Put as much extra money as possible toward the first account, the one with the smallest balance.
3. Once that debt is paid off, roll that debt's minimum payment to the next smallest balance debt, and continue to put as much extra money towards it as possible.
4. Continue this tactic until all your debts are paid off.

The magic behind this method for many people is seeing success quickly, because you tackle the smallest accounts first, you see the payoff happen faster.

You can see how the Snowball Method works in depth in [this article by Dave Ramsey](#).



Combo Method

This method is simply a combination of the Avalanche and Snowball Methods, along with some added wisdom from a few financial experts I follow.

I first ordered my debts from **highest interest rate to smallest** (Avalanche Method). I then prioritized my debt by type - i.e. I tackled my high interest rate credit cards first, now I am tackling my car, and leaving my student loans for last.

Even though my student loans have a higher interest rate than my car, my car has a significantly less payoff amount...and as my fave financial guru Nicole Lapin always says:

They can take your car, they can take your house, they can take your stuff...but they can't take your brain.

Meaning, that even if you take longer to pay off your student loans, they cannot come repossess your degree. So focus on the other debts first.

1. Make the minimum payment on all your accounts.
2. Put as much extra money as possible toward the first account.
3. Once that debt is paid off, roll that debt's minimum payment to the next debt, and continue to put as much extra money towards it as possible.
4. Continue this tactic until all your debts are paid off.

Regardless of the method you choose, there are a few things that are true across all methods:

1. You must have a plan to pay off your debt.
2. You must continue to pay the minimum on all accounts to avoid issues with collectors.
3. Move your monthly payments for each paid-in-full debt to the next one. Many people are excited to get that \$50+ back in their budget, but if you continue to allocate that amount toward your debt payoff you will be debt free much faster.
4. Don't forget to negotiate! Call the companies you have debts with and negotiate lower interest rates.

Which payoff method makes sense for you to use? Why?



**You can consult with a financial expert who can help you determine the best path for you given your specific situation.*

#4

Diversify Your Income

Many people focus on simply living *within* their means. But they forget that they should also focus on *expanding* their means.

Diversifying your income, or having income from multiple sources, allows you to not only expand your means (or your income amount), but can also help protect you should you lose an income source.

Most families in America have 2 income streams: one from each partner. If they lose one, that means they have to survive on just one (which can be half or more of the household income).

Think of it this way: if you have a pool (bank account) you are trying to fill, would you prefer to have 1 hose (income) or multiple?

Multiple, of course! You will fill your pool faster. And if one hose is lost, it doesn't affect the filling of the pool as much.

But how can you diversify your income?

There are many different ways. But first, let's review the different ways to make money.

Cashflow Quadrant

The Cash Flow Quadrant (book by Robert Kiyosaki) explains the various ways people can make money. Most people operate on the left, or active income, side of the quadrant. Our business works by helping you achieve the right side, or recurring income, through business ownership.

ACTIVE INCOME

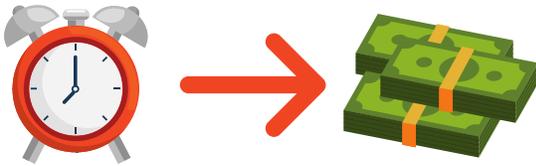
E

EMPLOYEE

YOU HAVE A JOB

Active work determines income

TIME = MONEY



RESIDUAL INCOME

B

BUSINESS OWNER

YOU OWN A SYSTEM

People work with you, not
active-work dependent

PEOPLE = MONEY



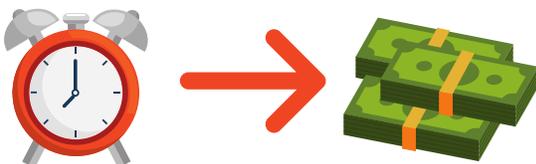
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SELF-EMPLOYED SMALL BIZ OWNER

YOU OWN A JOB

Active work determines income

TIME = MONEY



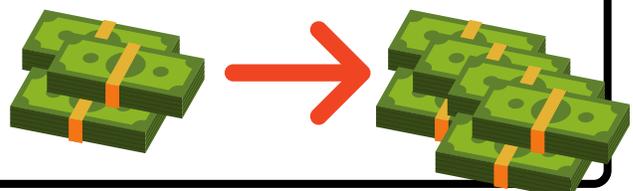
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INVESTOR

YOU OWN INVESTMENTS

Your money works for you, not
active-work dependent

MONEY = MONEY



Here is a quick list of some things you can do to create additional income. This is by no means exhaustive, and you should do more research to find the things that will work for you.

- Start a side business
 - Do you have a passion for something? Are people willing to pay you for it? You may be able to create a business.
- Create passive or recurring income
 - This can include things like real estate, franchises, or network marketing companies (just be sure to carefully research credible businesses to work with).
- Diversify your investment portfolio
 - Get with an expert on how to do this.
- Provide freelance services
 - If you have a talent or skill people are willing to pay you for, like graphic design or writing, this could be a great, flexible option for you.

One of the best things you can do is find a mentor who can help guide you in the right direction. For example, if you decide to provide freelance services, find someone in a similar field, or who has done it before, who can help show you how to systemize, create a pricing structure, etc.

On the next page, brainstorm a few ideas for additional income sources.

What are you passionate about? Is it something people would be willing to pay you for (such as painting, organizing charity events)?

What skills or talents do you have that you could offer as freelance or contracted services (writing, construction work, graphic design)?

Do you have the capital and desire to learn how to work with recurring income sources such as real estate or investments?

What other ideas do you have that you can start researching?



Take Control of Your Finances Checklist

1. Create a [Realistic] Budget

- Make a list of your income sources
- Print or download 6 months of bank transactions to review
- Categorize every expense
- Determine your essential expenses
- Determine your extra expenses
- Determine your fixed expenses
- Determine your flex expenses
- Set limits for certain categories (like shopping, eating out)
- Factor in your endgame savings
- Download a copy of the budget template + update with your expenses and income sources

2. Review Finances Regularly

- Pick a review schedule (weekly, biweekly, monthly)
- Update your spreadsheet with all transactions for that timeframe
- Cancel any subscription services you don't need
- Look for suspicious activity

3. Debt Payoff Plan

- Make a list of all your debts on the budget spreadsheet debt tab
- Include amount owed, interest rate, minimum payment, and due date
- Choose a payoff method
- Order your debts in the order you will pay them off
- Pay the minimum on all accounts each month
- All extra money possible goes toward first debt payoff

4. Diversify Your Income

- Review the cashflow quadrant
- Make a list of your passions
- Make a list of your skills/talents
- Make a list of people you can reach out to for guidance
- Determine which paths are right for you