



Stephanie Mackara

# Money Minded Families

HOW TO RAISE  
FINANCIALLY WELL CHILDREN

WILEY

*My One Page (ish) Financial Plan:*

*Ten Steps to Financial Wellness*

Name: \_\_\_\_\_

Don't fear money or let it scare you. Many people think of money in terms of what they don't have, and the idea creates fear inside of them—so much so that they may over save or overspend. Turning this on its head and thinking about it through the eyes of freedom, possibility, opportunity and abundance, will fuel a positive relationship with money.

Know that every action you take in relation to wealth accumulation and financial management is designed to move your life in the direction of your purpose. As you set that mindset as you set that vision as you design YOUR PLAN you remove your sabotage patterns and build sound financial management practices needed to accomplish your WHY.

*Financial wellness starts with a plan.*

What is Financial Wellness?

*A state of well-being where an individual has achieved minimal financial stress, established a strong financial foundation, and created an ongoing plan to help reach future financial goals.*

*Let's get started!*

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*President & Professional Goal Digger*

1. *What is your WHY? Ask why money is important to you.*

Knowing why money is important to you will guide you on every financial planning decision moving forward. Money is something you trade your life energy for (!) WHY gives you courage to take the risks that will lead you to your purpose.

Action: List your top 3 WHYS.

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2. *Guess where you want to go.*

Knowing where you want to go will enable you to ask for the directions. Make a projection, but don't worry about getting it perfect. The clarity will help to guide you. If you need to course-correct, do so.

Action: Think of where you want to be in 1, 5 and 10 years. Write down where you will be and write down how you will feel.

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3. *Know your starting point.*

Simplify. To get where you want to go, it's important to know your *Personal Balance Sheet*— how much you have in assets and liabilities.

Action: Create your Personal Balance Sheet. What is your net worth?  $\text{Net Worth} = \text{Assets} - \text{Liabilities}$ . Are your liabilities keeping you from attaining your goals? Evaluate your debt, how much of your income is going towards debt? More than 20%? What interest rates are you paying on your debt? Start by eliminating the debt with the highest interest rate and work your way down to increase your net worth. Make a list of your debt and your plan to pay it down.

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*4. Think of budgeting as a tool for awareness.*

Often, people base spending decisions on emotional reasons, and then go looking for evidence to support that decision. We should be more deliberate about our purchases; our spending should be conscious.

Action: Create a Spending Survey, a list of all your cash flows. Use tools like mint.com or YNAB.com. Once complete, identify those items that align with achieving your WHY and your Goals, as well as those that do not. Make a list of things you need to change and HOW you will change them.

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*5. Save as much as you reasonably can.*

Pay Yourself First. Think of it a buying freedom.

Action: In order to achieve your goals, you must save. How much money will it take to achieve your 1, 5- and 10-year goals? How much of your earned income will you save each month in order to achieve your dreams? How much money can you put towards saving after your debts in step #3 are paid? How much can you save from eliminating spending that does not align with your values in item #4? You should save, at least, 20% of your income. List your savings goals below:

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*6. Protect Yourself.*

Action: Without a strong financial foundation, goals are difficult to realize. Do you have an emergency fund? It should represent 6 months of your salary and be held in cash or a money market fund. Calculate your emergency fund amount and if you don't have enough, fill up this bucket first with savings. Open a savings account with a high yielding money market rate and fill up your bucket. How much will you need to save each month to get this done within the year? Outline your plan below:

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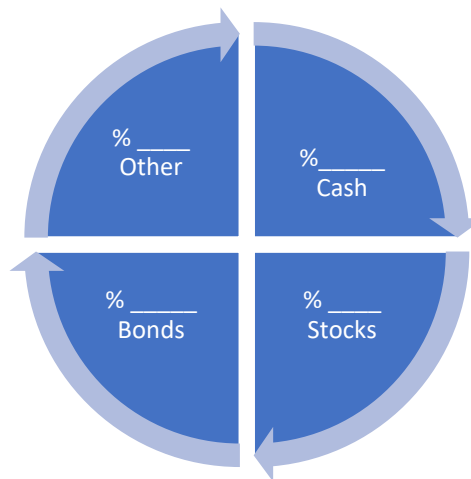
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7. *Investing is necessary to become financially well.*

Action: Investing is also necessary to build and grow wealth, which is necessary to achieving your goals. Investing allows your money to work and grow for you with compounding interest. How will you design an investment portfolio in order to meet your goals? Understand how much money you need or desire and when. This is a great starting point so that you can back into how much you need to save and how much return on your investment you will need in order to achieve your goals. If investing is daunting, higher a Registered Investment Advisor, to help you. Map out your investment portfolio below:

*Expected Return needed to accomplish goals = \_\_\_% annually*



8. *Align your resources and investments with your Goals.*

The unconscious, unexamined mindset spends without thought, while the informed aligns their values with their resources and is rewarded for their discipline.

Action: Do all your dollars have a purpose? Do you know how you will save for your goals, what will you save for "retirement"? You need a very clear picture to understand what you need to save and what return you should expect, to make sure you remain on track. Evaluate your saving and investing at least annually to understand if you are on track to meeting your goals. If you properly align your resources and investments,

including your risk tolerance, with your goals, you can manage through the volatility that both life and the market will offer you. If any of this is unclear to you, identify areas in your plan that need to be better understood and clarified.

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*9. Live your life on purpose.*

Your focus must shift from spending to earning. Align savings targets with living your life on purpose.

Action: When you understand that you control your future, clarity of purpose will drive you. With a plan and focus and determination you can live your life's purpose. Stop spending on "stuff", start investing in YOU and your hopes and dreams. Revisit #2 on a daily or weekly basis. Write down how it makes you feel to accomplish these goals, see yourself there and take the steps today to accomplish your dreams. How are you taken off track? Why? Do you best to understand your money personality and your "triggers". Once you understand them, you can better manage them.

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*10. Behave for a really long time. Time is the most important ingredients in any financial planning recipe.*

*Live Financially Well.*