



What Makes Cents

Week 1 tasks:

01. Pick a specific day and time to gather information. If you can't get everything taken care of in one sitting, choose another day and time to continue before you call it quits in your current session.
02. [Watch this video](#)

When you're done with each task, visit the wellbeing platform and check "I Did This" on your challenge to-do list.

Next week:

Identify current spending and set new rules.



Time to take inventory

Let's organize your financial life

Welcome to the first week of the four-week challenge! The goal over the next four weeks is to organize your financial life. We'll accomplish this together by getting organized, evaluating your spending, making a plan, and setting goals you can keep.

Week 1: Taking inventory

Being organized financially doesn't mean having your passwords saved on your personal computer or having an old will in your desk drawer. You need to know what accounts you hold, how to access these accounts, what professionals are in your circle, and finally who you can count on to be a teammate or accountability partner in this space.

Being organized is important for a myriad of reasons:

- You deserve to live a life free of unnecessary financial stressors.
- Sometimes doing the right thing for ourselves isn't enough. We tend to show up more for our family and friends in need before ourselves. If you can relate to this statement, consider the potential burden for your loved ones if you were incapable of managing your financial health. How would your spouse, parent, or child step in on your behalf without a clear strategy?
- Finally, it's easier to spot weaknesses in your financial health and make decisions when you're able to see the whole picture in decision-making.



In order to help ensure we gather all of the necessary information we'll break this down into categories.

- 01.** Tools: It does not matter the system you use to keep track of this information—as long as you're consistent. You can use an app, spreadsheet(s), pen and paper, or print and store the information in a binder.
- 02.** Accounts: This list could be very long once we compile all of your money-related accounts. You'll want your banking, investing, debt, and insurance information. You need the name of the account, the purpose, login information, and a recent statement (quarterly is usually fine). The point of this series isn't to encourage financial minimalism, but if you see some unnecessary accounts feel free to take some time to consolidate—future you will be grateful.
- 03.** The "Experts": Who helps you be financially well? This list can be extended to include an attorney, financial/investment advisor, CPA/tax advisor, banker, and more. Be sure to list each of these professionals, their contact information, and what accounts they oversee.
- 04.** Teammates: Who is in your corner with respect to your financial health? Who has access to your account information? Do they have enough access? What information are you comfortable with sharing? Don't assume your financial teammates know the role they do or could play in your financial health. Be sure to have these conversations.

What Makes Cents

Week 2 tasks:

01. Review the last 90 days of spending and establish a baseline for spending (aka, a budget).
02. [Watch this video](#)

When you're done with each task, visit the wellbeing platform and check "I Did This" on your challenge to-do list.

Next week:

Make a plan for paying off and preventing debt.

Identify current spending and set new rules.

Help you help yourself

Welcome back! Our goals in week two are to evaluate your current spending and establish a few parameters.

To know where you're headed, you need to know where you're at. In week one we took the time to gather your current statements, so we should be ready to dive right into our evaluation. Grab your statements, prepare your method for tracking, and let's get started. Pro-tip: Don't forget your cash-sharing apps like Venmo and CashApp.

Review the last 90 days of spending

It doesn't matter if you use a pen and paper, a spreadsheet, or an app to review your spending. If your method for tracking works for you, that's all that matters.

- Before you begin reviewing your transactions, you'll want to establish categories for spending.
- Work through the last 90 days of spending and place your transactions in the appropriate categories.
- When complete, review category totals for each month and the quarter. You'll likely be surprised at how much you spent in at least one category.

Establish parameters for future spending

Once you have a baseline for past expenses you can establish parameters for future spending:

- Decide in which categories (if any) you would like to reduce spending.



- It's important to not attempt to reduce your spending too quickly. If you spend too much money dining out, for example, don't attempt to remove this from your budget completely as this is rarely a successful or sustainable strategy.
- Instead, start by reducing your spending by 10% and continue from there as necessary.

The purpose of this 90-day review is two-fold. You first can see how much you are spending, but you can also see how much "margin" is available to fund your financial goals. You might want to increase emergency savings, pay down debt, or increase retirement savings. It's not uncommon to want to accomplish several financial goals at once. Next week we'll dig into the best use for margin.

What Makes Cents

Week 3 tasks:

01. Get organized! Place your debts in ascending order and create a calendar for debt repayment.
02. [Watch this video](#)

When you're done with each task, visit the wellbeing platform and check "I Did This" on your challenge to-do list.

Next week:

Set goals you can keep.

Make a plan, check it twice

Learn to pay off and prevent debt

You're over halfway through the challenge! This week's goal is to make a plan for paying off and preventing debt.

In week two, we were able to identify margin, which is the difference between your income and your expenses. The goal in week three is to use this margin to increase your short-term stability and then begin to pay off your debt.

Do you have an emergency fund?

If you don't have an established emergency fund (that's okay) we'll use the margin to first build this cushion. It's important to have dollars to lean on when life happens. It's impossible to know the perfect amount of cash you might need for an emergency. For now, set a goal to build the emergency fund to \$1,000. If your margin is \$100, it will take at least 10 months for you to save this \$1,000. If you have a financial emergency in the interim, it will take longer. That's okay. Financial stability cannot be established overnight. The goal is to work on your lifetime financial health.

The Momentum Method

Once you have an established cushion you need a plan for debt repayment. There are many ways to tackle your outstanding debt, but more people find success with the "Momentum Method" than other methods. The Momentum Method focuses on human behavior, not just on math, to yield a higher rate of success. With this method, we'll focus first on your smallest balance debt, which will allow you to feel progress more quickly than with other debt repayment methods.



First, make a list of all your outstanding debts.

- Be sure to include credit cards, personal loans, and mortgage payments if applicable.
- For each debt, list the creditor name, interest rate, minimum monthly payment, and outstanding balance.

Next, you'll order these liabilities from smallest balance to largest balance completely disregarding the interest rates. The margin we identified should be applied to the smallest balance debt.

Example:

- The minimum payment is \$50 and your margin is \$100.
- You'll pay \$150 toward this debt and the minimum payment to the remaining debts. You'll make this payment every month until you eliminate the smallest balance debt.
- Once you pay off the smallest balance debt, you'll take the minimum payment and the margin (\$150 in our example) and apply it to your next smallest balance debt.

The goal is to never reintroduce the extra dollars into your spending. You'll continue to repeat this process until all your outstanding debts are paid.

What Makes Cents

Week 4 tasks:

01. Identify a goal you can accomplish in 30 days. This does not have to be a lofty goal like filling your emergency fund. Keep it small to gain momentum. Then, identify an intermediate goal that might take a couple of years to fund. Be sure to set up some shorter-term milestones to ensure success.

02. [Watch this video](#)

When you're done with each task, visit the wellbeing platform and check "I Did This" on your challenge to-do list.

Thank you for joining the challenge!

Set goals you can keep

Plan your financial freedom

Welcome to the final week of the challenge! Thank you for joining us. In week three, we were able to make a plan to pay off and/or prevent debt. Now we want to look forward to setting some financial goals and keeping them.

There are many different types of financial goals. You might have an accumulation goal that is rooted in saving, an investing goal that breaks dependence on your income, or a debt reduction goal. Regardless of the goal, you need to ensure it is a SMART goal, which is:

- Specific
- Measurable
- Achievable
- Relevant
- Time Bound

You need to work your goals backward in order to fund them appropriately based on your timeline.

- For example, if you want to fully fund your emergency savings account you need to first know how much you need to save to achieve this goal.
- Once you have a goal amount you need to identify how much you can save each month toward this goal (this is the "margin" from week 2).
- The final step is to determine how many months it will take with your current margin to fill your emergency fund.

To see this in action: You currently have \$5,000 saved but your emergency fund balance should be \$10,000. If you have a \$500 per month margin, it will take you 10 months to top off this account.