



Guide to
**MASTERING
YOUR MONEY**

*vet
candy*

Featuring
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We all want financial freedom.
We all want to stop worrying
about money, gain clarity and
accomplish our goals. But how
do we get there?



With these simple strategies for mastering your money

SAVE FIRST

Nearly half of Americans don't have enough saved to handle a \$400 emergency. Why? They spend first and save second. Most people save whatever is left at the end of the month. But what happens if you had a big spending month? That's right, you don't save anything. That approach to saving isn't sustainable for long-term financial success—or for surviving a money emergency. You can fix this with one simple switch:

SAVE FIRST

If you save “off the top” before you do your regular spending, your savings will grow regardless of how closely you stick to your budget each month. This is about taking care of the important stuff first. Yes, this means that you'll have a little less available for spending each month. And that can take some getting used to. Saving first means practicing looking forward.





ADOPT A LONG-TERM MINDSET

If you know exactly what you're working toward and why, it's easier to act in line with your future goals right now. How do you know what you need to be saving? By getting very specific about what your priorities are, what they cost, and when you want to accomplish them.

"Travel more, buy a new home, and retire" are good goals, but they are not clear goals. Clear goals have measurable figures and deadlines so you can track your progress.

Example goals:

- Save \$35,000 for a down payment on a new home by 2021.
- Save \$3,000 for next year's travel budget.
- Be ready to spend \$15,000 on a new vehicle by 2019
- Save \$10,000 for the emergency fund by the end of 2018.

Big goals that are decades away—like retirement or funding college educations—can be more difficult to clarify. You might not have all the information you need yet, but don't let that stop you from starting to save. Estimate with the information you have right now and get more specific as you near your deadlines.

TAKE ACTION:

1. List your financial goals in order of priority -from "this must happen" to "that would be nice"
2. Identify the cost and deadline for each

GET OUT OF DEBT. DON'T LOOK BACK

Fact: Either you or someone close to you has significant debt... and the financial stress and anxiety that comes along with it. We've been there. I know how you feel. And I want to help you break free.

Why? People who don't owe anyone anything worry a lot less about money. Debt is literal bondage that affects a lot more than your credit score. It can sabotage your mental and emotional health and wreak havoc on your relationships.

One exception: Having a home mortgage is what is called "manageable debt"—if you've taken necessary precautions like putting enough money down, locking in favorable interest rates and having an emergency fund. That said, you should prioritize eliminating all consumer debt and have a plan to pay off auto and home loans.





Finance experts agree that sacrificing some of life's present comforts is worth it in order to pay off debt, break free from anxiety and live financially free in the future.

Living without debt opens so many more possibilities: You could take a dream job that pays less, move across the country if you wanted to, or give more money away. You oversee your decisions, not your debt.

The key here is to make a razor-focused plan that you can stick with even when life gets in the way. Remember: If you don't have the money right now, you can't afford it.

TAKE ACTION:

1. List your debts in order from smallest balance to largest. Write down the current monthly payment you're making on each out to the right of each debt.
2. Use the "debt snowball" approach: When the smallest debt is paid off, add that debt's monthly payment to the payment of your next largest debt (making it a larger payment!), and continue to roll that payment down until all debt is paid off!
3. If you have a significant student loan debt, consider scheduling an appointment with a certified financial advisor to create the best strategy to pay off your debt.

TRACK YOUR SPENDING

Don't worry! This is not the part where I tell you that you need to get on a budget or use a complicated envelope system with cash for every category. I know that's no fun. I will refrain from using the term "budget" but you do need to know where your money goes.

There are two critical reasons to track your spending:



To achieve your goals, you need to know how much it costs to run your life.

You know what your goals are whether it is saving, paying off debt, or working toward that next big thing. Now you need to know how much you can put toward them. And the only way to know that magic number is by tracking your current spending.



There are many tools available to automatically track and organize your spending: Mint, Every Dollar, You Need a Budget, and many others. Don't make it harder than it must be! Use 10 or fewer categories to capture all of your spending. For instance, you could combine rent, mobile phone, electric, internet and trash, under "bills." Keeping it simple will increase your odds of sticking with it.

How do you know what you'll need in retirement?

When you retire, you will need to know how much to withdraw from your investment accounts to live on. If you guess you're spending \$5,000 per month, but your life really costs \$6,500 per month, then that changes the math on how long your savings will last. That's why you need to track your spending now.

TAKE ACTION:

1. Sign up for [Mint.com](https://mint.com), a free service that automatically tracks spending by syncing your bank accounts.
2. Use only 10 categories or less to keep tracking simple.
3. Take 5 minutes a week to categorize your spending.
4. Figure out your average spending per month. The margin leftover between your income and spending is the number you need to "save first." Not enough to fund your goals? Rework your spending so you do.

BE GENEROUS. BE FREE

Nobody talks about this part of financial freedom. I have yet to meet anyone who is truly financially content who doesn't also give generously.

I know this seems counter-intuitive. If you give money away, you also have less to save, pay off debt and put toward your goals. But I have

seen it over and over again: There is a mental switch that flips when we begin to proactively give.

We start to remember that money is just a tool that can do good or harm. Studies have shown that financial generosity is good for your physical, mental and spiritual health. Giving





help make fulfilling and meaningful lives—that are not all about money!

Bonus: If improving your relationship with money isn't motivation enough, you can also consider the tax benefits of financial generosity. Claiming charitable deductions on your income tax returns can reduce your taxable income and lower your tax bill for the year (consult with your tax professional to see if this is an option for you).

TAKE ACTION:

1. Make a list of the people or causes that you and/or your partner really care about. What would it mean to them to give financially? What would it mean to you?
2. Even if it's a tiny amount, I'd like to challenge you to take the next step on the path of generosity. Try starting with a small, automatic donation to a nonprofit you really believe in.
3. Pay attention to how intentional giving changes your relationship with money.

MAKE A PLAN

I get it: It can be difficult to manage life's competing priorities: Pay off debt or invest? Buy or lease? Roth IRA or Traditional? Everyone's questions and answers are different. I've been there, and I've helped hundreds of clients build customized Financial Life Plans that work.

This is the final simple strategy to master your money: You need a comprehensive, focused plan that can also grow and change with you. This step in the process is the most involved, but it's the key to financial freedom. A well-crafted plan will help you prioritize your goals, implement strategies to accomplish them, and make your money work for you.

A clear financial life plan will help you answer questions like these:



FINANCIAL PLANNING:

- How much should I save?
- Should I save in something other than a savings account?
- Which debt should I pay off first?
- How much should I put down on a new home?
- Should I be leasing a car?

INVESTMENT MANAGEMENT:

- How much should I contribute to my 401k?
- Should I be using a Roth IRA or traditional?
- What should I invest in? How aggressive should I be?
- Will this affect my taxes?
- I'm a business owner. How can I save for retirement without it costing too much?

RISK MANAGEMENT:

- Do I need life insurance? What kind?
- What is long-term disability insurance and is it important?
- Is my family going to be covered if something happens to me?
- Is my business protected?



ESTATE PLANNING:

- What kind of legacy do I want to leave?
- Will my family be provided for?
- Who is the guardian of my/our kids if something happens to me/us?
- How do I make sure my kids don't get access to money before they're able to handle it?
- Should I be concerned about estate taxes?



BASIC TAX PLANNING:

- If I give to charity, what does that do for my taxes?
- Are there ways to save that are more tax-efficient than others?
- Are there tax penalties if we need to use our investments for something?

TAKE ACTION:

1. Pour your favorite beverage and take a crack at answering the questions above. If you're married, complete this step with your spouse. What do you know? What do you need help figuring out?
2. Make a plan for getting the answers you don't have. If you're ready to live a life of financial freedom, then it is time to connect with a certified financial advisor.

Do you know the latest?

