

FINANCIAL PLANNING

CHECKLIST



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Organize your Finances and Save Your Money

You carefully plan how to spend your money. But you may have never organized a plan on how to best save your hard-earned money. Shopping the sales, cut corners, conserve energy, and clip coupons are all positive steps in the right direction, but with some careful planning and organized thought, you can make your dollar stretch even further.

First of all, pay yourself first. Bill yourself if you have to as a way to keep track. To stick with this, make a direct deposit into both your checking and savings accounts so you never miss the payment. Putting part of it into savings for shorter term goals as well as into a retirement plan will help you achieve your long term goals. It also makes it easier to stick to your plan.

It is important to pay close attention to where your money is going. It may surprise you to see how much you spend on non-essentials. That is not to say to stop buying those things - it just gives you the chance to review and see what you can do without and what you cannot. Reviewing this will also help you find ways of saving money here and there. Making this part of your financial plan, and finding ways to cut out the things that don't serve your long-term goals can quickly add up to a significant savings each month.

Whether for business or home expenditures, it is important to set a realistic budget and stick to it. Once you've paid close attention to where your money is going, it will be easy to find where to cut corners and adjust your budget accordingly. With some commitment and a few lifestyle adjustments, it's really quite simple to live within the parameters of a well-planned budget.

The following Financial Planning Checklist will help you start and maintain a viable and successful budget strategy to achieve your goals

Plan for Emergencies First

- Start setting aside 5-15% of your income.
- Save enough to sustain your basic needs (utilities, groceries, and rent)
- Deposit this income into a money-market or dedicated savings account
- This money can cover unexpected necessary expenses, like car damages or crucial home repairs.

Plan for Retirement Second

- Start by setting aside at least 3% of your income.
- If you are self employed, opt for an IRA.
- If your employer contributes to your retirement, put enough cash in your 401(k) to get the total matched sum.
- Don't touch this money for other purposes, like college funds, maintenance, repairs or extra expenses. *This cash is off limits until you're in your golden years!*
- Allow 3 months to get used to your slightly smaller paycheck, and keep squirreling away for security. *After 3 months move on to step three.*

Pad your Emergency Fund Third

- You should have saved 3-6 month's worth of living expenses by this point.
- If your income is commission-based or is freelance, you may need to stash away more (6-9 months, for example).
- Use any financial windfalls wisely *If you can, use bonuses or tax refunds to top off your emergency fund.*
- Be prudent with your purchases, and monitor your spending to determine where you can cut back.

Clear Credit Card Debt Fourth

- Don't touch your retirement or emergency funds for debt payment. *You will need those for later, and you don't want to create more debt.*
- Make a list of all credit card bills.
- Pay off the bill with the highest rate first *Progress down the list this way, ending by paying off the card with the lowest rate.*
- Transfer balance from a high-rate card to a low-rate card if possible. *Contact your bank for details.*

Bump Up Retirement Savings Fifth

- Retirement savings should be your #1 priority! You can always borrow for other expenses, but not for retirement!
- Use a retirement savings calculator to determine how much you should boost your retirement fund per month. *This depends on your current age, amount of savings you have now, and your estimated costs for life in retirement.*
- Maximize Savings. *Save the highest legal amount you can annually. That's \$16,500 for a 401(k) and \$1,000 ;for an IRA.*
- If you've been scoring your target for over a year, you can move onto the next step.

Accomplish Other Financial Goals Sixth

- Clearly outline your savings goals and plan a budget. *Maybe it's saving for a college fund, or paying off your mortgage.*
- Start saving the appropriate sum each month until you reach your target.
- If you have several financial goals, keep savings in separate accounts to differentiate between the funds.

- Choose and Invest Wisely *For college tuition, saving can be tricky because of so many shifting factors. You'll want a more structured savings plan. For paying off loans, keep funds liquid and stable in a CD or interest-earned checking account. Saving cash for a yacht in retirement? It's ok to invest a portion in the stock market...just play carefully!*

FINANCIAL FREEDOM CHECKLIST

- Figure out your true hourly wage.
- Make a lifelong promise to yourself to spend less money than you earn.
- Create a budget.
- Create a balance sheet and update it every 6 months.
- Organize your bank accounts.
- Cut your monthly expenses.
- Pay off all consumer debts.
- Create a simple system for paying the bills each month.
- Pay your cards off in full each month to avoid interest charges.
- Pay off your house early.
- Developing a steady habit of saving and investing.
- Protect yourself against loss by spreading your investments around.
- Make conscious decisions about how to invest your resources.
- Create an emergency fund.
- Negotiate a better rate with credit card companies.
- Eliminate incidental expenses.
- Avoid impulsive spending.
- Get extra cash by selling some of your items.

Budget wisely and plan for the future with our Financial Planning Checklist. Retirement may be a long way off, but it's never too soon to start saving. Get your finances in order, have an emergency fund and clear all credit card debt. Set your savings up right and you could be living the easy life down the road!

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