



Thank you for downloading your *30 Days to Financial Organization Blueprint*, your guide and action plan to get your finances sorted and stay on top of your money once and for all.

In this blueprint I will take you on a journey through your expenses, savings, income, investments and even pension to make sure that you cover all major financial areas of your life, give them all an upgrade and ensure you will meet your financial goals. It is based on a highly popular and successful 30 Day Challenge that I ran on my website 100stepsmission.com.

Use this blueprint to your advantage and in a way that best works for you. Although it is set up so you can complete these tasks in a month by doing one a day, you can of course decide to take 2 days per assignment, thereby extending the period to complete the tasks to 2 months. Alternatively you can complete several per days at a time or dip in and out depending on what you most want to start working on! It is completely up to you how you use this so feel free to adapt it to what best suits your situation.

I hope you find this blueprint useful! Feel free to contact me with any further questions or comments: 100stepsmission@gmail.com.

Good luck,

Inge Natalie Hol

Day 1 - Track Your Expenses

Welcome to the first day of your 30 day journey to Financial Organization. Or, as I like to see it: Financial Excellence, as with these 30 key financial actions you will get far beyond organizing your finances: you will indeed be able to become an expert at managing and handling your finances in all areas.

We are going to dive straight in and start with the first task: Tracking your Expenses.

When you start keeping track of everything that you spend, you gain valuable insight not just in where your money goes each month, but also where you might be able to save some money. In addition it will allow you to align your expenses with your long-term financial goals.

If one of your goals is to start your own business or buy a new car at some point in the next 3 years, and if you only have \$500 of the \$10,000 that you calculate you need as start-up capital, then you clearly need to up your monthly savings.

You can track your expenses in different ways: in a notebook, in a digital spreadsheet or in an online app such as Mint, YNAB or EveryDollar. Whether or not you have time to investigate these different options now or not, make sure to start logging your expenses today regardless! You can always spend some time later on to compare these programmes and then transfer your notes over.

Remember not to just register your cash expenses but also any payments you make with credit and debit cards, transfers, PayPal, standing orders etc. You want to know about all your expenses here!

→ To do: Track your expenses for at least 1 month, and if possible longer.

Day 2 - Calculate Your Net worth

On the second day to financial organization and excellence you are going to calculate your net worth to see how (un)healthy your current financial situation is.

Your net worth is a sum of all your possessions (also called assets) minus the total of all your debts. You can either have a positive net worth, which means that you have more possessions than debt, or you can have a negative net worth, indicating the exact opposite: you owe more than that you own.

Examples of assets include: real estate, any money in savings or checking accounts, investments and valuables such as antique (don't bother including your electronics or small jewelry though as these are unlikely to add much value).

Examples of debts include any student loans, mortgage, credit card debt, overdraft, car loans and personal loans with friends or family.

For any debt or asset that you include in your calculation, use their current and not their original value. So if you have paid your \$200,000 mortgage down to \$160,000, then work off the \$160,000 outstanding amount. If your house was once purchased for \$230,000 but is now worth \$180,000 then again use \$180,000 on your assets list.

Once you have calculated your current net worth, make it a goal to increase your net worth every month: by paying down debt and increasing your assets. At the end of each month recalculate and update your net worth (set a reminder in your calendar to not forget!) and keep track of it in a notebook or spreadsheet so you can see the progress that you are making.

→ To do: Calculate your current net worth and make this a monthly habit.

Day 3 - Start a Budget

Your task for day 3 is to start a budget and plan on how you are going to spend your money this month.

A budget not only ensures that you have enough money assigned for all of your expenses (and avoid running out of money at the end of the month), it also guarantees that you plan ahead and start setting aside some money to pay down debt or to add to your savings. Without putting in a plan, these long-term goals are unlikely to get prioritized and are therefore often forgotten about.

As you start your budget, think about the various expense categories that you have (such as utilities, car payments) and the individual expenses you have within each category that are likely to come up this month, both ones that are relatively predictable each month (such as rent / mortgage, groceries, utilities) as well as any less regular expenses such as birthday presents, clothes or meals out in restaurants.

Once you have a list of all expenses you expect to have this month, look at your expected income for the month and start assigning your money to each category, being careful not to budget any more than you have coming in.

If this is the first time that you are making a budget, you will likely need to make some adjustments as you go along, taking money from categories that turn out to need less money this month and then taking it to expenses that are more expensive than you expected.

Once you have set your budget, make it a habit to do so every month, it will not only become more accurate with time, it will also help control your spending and encourage you to start working on long-term financial goals.

→ To do: Set a monthly budget for your expenses.

Day 4 - Limit One Expense

Now that you have created a budget and started tracking your expenses, I am sure that you are becoming aware of some expenses being way bigger than you thought they would be.

Day 4's task is to have a quick and stern look at your expenses and then pick one (and only one!) that you are going to limit for the rest of the month.

Make a rough estimation of how much you might be spending on the particular expense each month, then set yourself a goal of how much you can save during the next 4 weeks. Remind yourself of this goal every day, as at first I am sure you will get tempted to go back to your old habit!

Pick just one expense, don't try to cut down your smoking habit AND limit the amount of times you eat out AND take down the number of coffees you buy on your way to work from that fancy but expensive coffee bar. If you try to focus on too many, not only will you be cutting out many of the things that you apparently enjoy (and some fun still needs to be had!), you will also focus on breaking up several habits, which will make you much more likely to fail than if you just focus on 1 habit to change at the time.

A final note on this task: make sure to set any money that you save aside instead of spending it on something else. You will find out why in next day's assignment!

→ To do: Reduce 1 expense for 1 month.

Day 5 - Start an Emergency Fund

Have you ever had to go into debt or eat into your savings because of an emergency expense coming up that couldn't wait? Maybe your washing machine broke down and you needed to replace it? Or your car had to get a repair that you hadn't counted on? Did you ever have a plumbing issue that really had to be fixed as soon as possible?

In most of these cases you often can't NOT pay for the expense as that would only cause more problems, damage or costs. But if you don't have any money set aside that you can call upon for when these types of unexpected expenses come up, it can be almost impossible to find the money to deal with the problem in the moment without either taking on more debt or using money from your savings that was potentially earmarked for something else.

Our fifth task is to start putting together an emergency fund. In that way you will always have some money set aside to deal with emergencies such as described above. Aiming for roughly \$1,000 is usually a good guideline (or the equivalent in your currency) but of course adjust this as needed.

Find ways to get this money together as soon as possible – the money you are saving by limiting one expense is a good place to start. Empty out drawers and bags for loose change, organize a yard sale or think of other options to make some extra money.

Once you have your fund together and whenever you are faced with an emergency and need to take out money, strive to fill it back up to those \$1,000 as soon as possible afterwards again.

→ To do: Save together a \$1,000 emergency fund.

Day 6 - Automate Your Expenses

Every year people spend hours paying their bills manually one at a time, time that can easily be saved if these were paid automatically. If you are worried about not having a control over how much is taken out of your account, remember that since you are now tracking your expenses (see day 1's task), this payment will sooner or later appear in your expense log anyway which will still give you an opportunity to check for and correct any errors.

Apart from saving you time, another strong argument to automate your payments is that it can potentially save you a substantial amount of money over the long run. Every time you are late paying a bill, you are probably charged a late payment fee and whilst you might have the intention to always pay your bills on time, the reality is that life happens and at one point or another you either forget, don't have time or have much more pressing issues to deal with than to pay your bills.

Today's task is to go through all the bills that you pay manually, contact the corresponding companies to find out how to automate those payment, and complete and send off any paperwork to get your next bill paid automatically.

BONUS TASK

Whilst you are at this and as a bonus challenge for today you might also want to take a moment to decide whether you still want to receive copies of these bills by regular mail or rather in digital format if you find the amount of paperwork you are receiving is getting out of hand a little. It might be easy to arrange this at the same time as you're going through your bills anyway.

→ To do: Set up automatic payment of all your bills.

Day 7 - Start a Weekly Money Review Moment

The more steps you make towards Financial Excellence, the more important it becomes to build in some time on a regular basis to check how you are doing and start looking at longer term goals and plans.

Today's task is to set a regular appointment with yourself, during which you can dedicate some time to updating the state of your finances. Ideally you'd find a set moment a week that you can nearly always dedicate to this new habit, such as every Sunday evening, Saturday morning, Wednesday at 12:00 or whenever works for you. In this way you are less likely to forget and more likely to stick to this new routine.

The weekly money review moment is the perfect time to tidy up some loose ends, track your progress on some of these tasks and set new financial targets.

Things to review can include:

- your expenses - log anything you haven't yet registered;
- your budget - see how you are doing and make any adjustments as needed;
- limit one expense - evaluate your progress, set new targets;
- build an emergency fund - track how much you have contributed this week;
- Any of the other tasks in the blueprint.

Feel free to take notes during this Weekly Money Moment or to update your targets in a digital spreadsheet. In this way you will be able to see your progress over time.

Set an appointment with yourself today for approximately 15 minutes and go through the list above and / or any other financial area you'd like to track or analyze. At the end of every weekly review moment, schedule in time next week to repeat this process at a day and time that works for you.

→ To do: Set a weekly time to review your financial targets and progress.

Day 8 - Learn About Compound Interest

Compound interest is one of the most powerful factors in finances: it can either make or break your financial future. In today's task you will learn (or refresh your knowledge) about compound interest and apply it to your own finances.

Compound interest is interest over interest over interest. This is generally a great thing if you have savings or investments, as it means your capital is growing more each year: instead of just receiving interest over your original starting amount, after the first year you also get interest over any interest you have generated in past years. If you have an investment account with an 8% average annual return and an initial starting amount of \$10,000 that amount will grow to \$46,000 after 20 years!

The opposite happens if you have any outstanding debts and are paying interest: every month your loan provider will calculate interest over any remaining outstanding amount, meaning that you keep being charged interest over interest every month you haven't yet paid off your loan. If you have an outstanding loan of \$10,000 at an 18% annual (1.5% monthly) interest rate, and if you are paying off \$200 a month, you will end up paying a total of more than \$18,000 back.

With that information in mind, find a moment today to identify how compound interest is affecting your own finances: for any of your outstanding loans find out how much the annual interest rates are and use an online debt calculator to help you figure out how much interest you will be paying back over the lifespan of each of your loans.

Then work out the annual interest you are receiving on any savings or investments and how much this is giving you in the long run.

→ To do: Calculate how much compounding interest is costing you on any outstanding loans and how much you are generating in interest on savings or investments.

Day 9 - Start Paying off Your Debts

Today's challenge is to put in a plan of action to start paying off your debts. Now that you have seen how compound interest can cost you a lot of money, this is probably the best moment to kick those wretched loans to the curb as soon as possible.

Once you start paying off your debts you are beginning to regain control over your financial life, little by little lifting the strain of monthly payments and the psychological burden of being indebted to somebody else.

Even if you only make small extra monthly payments, they can make a huge difference on the amount of money the loan costs you and how long you are tied to this loan. Below is a chart where you can see how big a difference even small extra contributions can make. Based on a debt of \$1,000, at a 1.5% monthly interest rate, it compares three situations:

- a minimum monthly payback rate of 3% of the outstanding loan with a minimum of \$10 - the first payment would be €30 which would gradually decline when the total outstanding amount goes down.
- the minimum monthly payback rate of 3% of the outstanding loan with a minimum of \$10 but with an additional \$25 per month added to the payment - the first payment would be €55 which would gradually decline when the total outstanding amount goes down.
- Sticking to the first monthly payment of 3% + \$25 without ever decreasing the amount - \$55 in this case.

	Minimum monthly payments	Minimum payment + \$25 extra	Keeping 1st monthly payment
Total months	117	31	22
Total in interest	\$763	\$223	\$175

As you can see, there is a huge difference in the results, even with just an extra \$25 paid off per month!

Let this motivate you to take action today, find where you can free up some money and start paying off your debts faster. Start with just 1 debt - ideally the one with the highest monthly interest rate - and leave everything else for what it is (but make sure to keep making the minimum monthly payments!).

→ To do: Start paying off one of your debts as fast as possible.

Day 10 - Build a Three Months Living Fund

Little by little you are improving the financially weak areas in your life: with an emergency fund building up you are taking away the risk of having to go into debt when an unexpected expense comes up and by paying off your debts you are regaining control over your finances and reducing the amount of interest you are paying in the long run.

There is another very powerful safety net you can create for yourself: a 3 months living fund. Such a fund would have 3 months' worth of expenses saved up in case you are without an income for a while. There can be many reasons you might find yourself without an income for an amount of time such as loss of a job, taking an unpaid sabbatical or taking time off work to look after an elderly parent to name just a few.

If you have a 3 months fund set aside (which you might later decide to extend to 6 months), you have at least some money available for your regular expenses if you need to cover these.

At the moment you are likely still building an emergency fund and paying off debt, which are your main priorities right now, but start your living fund regardless, even with just \$5 a month, which might seem like nothing but little by little you will free up more funds to add to this, such as when you've got your emergency fund saved together or with some tips later on in this blueprint. In this way you at least get the ball rolling and it will be easy to increase your contributions with time.

→ To do: Open a new savings account and start building your three month living fund.

Day 11 - Start a Coins Jar

A fun and effective way to speed up your savings efforts, whether that is for your emergency fund, to pay off debt or for your 3 months living fund, is by starting a coins jar.

Whilst you are unlikely to save up your entire 3 months living fund by just adding some loose change to a jar, every little bit helps and what is more important, each time you contribute something to your jar, you not only reinforce your goal and the fact that you can be in control of your money, it also works as a visual representation of your financial progress. Additionally, it is fun to see your money grow and what better way than having a coins jar that fills up a little more each time you add in another coin?

You can decide on your own "rules" for the jar: when to put something in and how much. Some ideas:

- Put in \$1 each day or \$5 at the end of each week;
- At the end of each day or week, put in however much money you have saved from the Limit 1 expense challenge;
- Add in any loose change at the end of each day;
- Save up any \$1 notes and put them in the jar.

As you can see there are lots of ways you can personalize this challenge to make it work for you. Make sure to empty your coins jar at the end of each month to assign the money saved up to your savings goal!

Although a coins jar can be anything from an ugly old box to a nice looking spiced up mason jar, use what you have lying around, there is always the option to add some nice stickers or ribbons to it if you want to.

→ To do: Find a jar, jug or box to begin a coins jar and save up some extra cash!

Day 12 - Track your Progress

One of the most fun parts of setting goals is seeing yourself getting closer to them with each step that you take. By tracking your progress, achieving financial excellence is not just a great end goal in itself, it will also become a fun journey with many smaller milestones to work towards to and keep track of along the way.

You can track your progress for many different financial aspects, such as your net worth, your savings, the debt you are paying off, your emergency fund or your pensions. The options are endless.

Some simple ideas you can use to track your progress:

- On a piece of paper write down the amount of your goal, for example \$10,000 if you are looking to increase your net worth by \$10,000. Every time you put money towards your goal, write down how much you contributed, cross out the old amount and update it with the new outstanding amount.
- Get some graph paper - the one with the little squares - and determine how much each square represents: \$5, \$10, \$25.... Draw a box around the number of squares that represents the amount of money of your objective. If you are trying to pay down a \$5,000 debt and you decide that each square represents \$50 saved and put towards this goal, then you need 100 squares: $100 \times \$50 = \$5,000$ to represent your entire goal. Every time you contribute \$50 you can colour in or cross out one of the squares.
- If you are saving your money in a bank account or paying down debt but like the idea of a coins jar to see your progress (see also day 11's assignment) you can find a nice jar and put it other items (buttons or marbles for example) for every \$25 saved. In this way you can still see your coins jar grow even if the money is safely tucked away in a bank account.

Go ahead and decide on at least one goal you'd like to start tracking and create a visual tracker that would work for you.

→ To do: Set up a tracker to track your progress on one (or more) of your financial goals.

Day 13 - Stop Lifestyle Inflation

Have you ever noticed when you get a pay rise that even just a few months later you have no idea where that extra money is actually going? While at first you might have fantasized about all the great things you would be able to do with that increase in monthly income, the reality is this money often seems to magically get absorbed into your regular budget.

This phenomenon is commonly known as lifestyle inflation and it means that every time you get more money, you also generally increase your minimum required lifestyle standard. Where at first you were happy with a second-hand car, that later needs to become a brand new car. And that brand new car needs to be handed in for a big SUV just a few years later... Similarly your level of luxury on holidays, fancy clothes, expensive meals out etc. all increases, and any extra income is almost noticeably used for these purchases.

Whilst it is of course fun to spend a little extra on yourself, a consequence is also that you always want more.

Therefore from now on, make sure to always keep 50% of any extra money that you get: be it a pay rise, some Christmas money or a bonus. Do this as soon as you receive it by depositing this money or setting up an automatic transfer to use it to pay down debt or save or invest in some way and get that money to work for you.

Then take the remaining 50% and spend that freely on whatever you want. In this way you get the best of two worlds: building a more secure future and enjoying the extra money.

→ To do: Keep 50% of any extra money that you receive.

Day 14 - Calculate your Savings Rate

Now that little by little you are improving your financial life, it is equally important to understand how people succeed and how people fail in this area. Why exactly do so many people still have debt or not enough pension or no financial plan for their future?

Ask anybody in your environment and a vast majority will say that they just do not have enough money to pay off their debt or to throw at their pension fund. But even when those same people get a pay rise, chances are they still won't be using that money to pay off their debt or invest it in their pension: they will likely spend it on new things and without them even realizing it, their lifestyle will gradually inflate to a new level.

Instead of waiting for that miraculous moment when you suddenly earn more, spend less and are in no other possible way hindered to invest in your financial future, today's challenge will let you take the reins in your own hands to speed up your savings goals.

Your Savings Rate is the proportional amount of your income that you are able to save monthly, i.e. your savings expenses divided by your total income. Say you make \$2,000 and manage to save \$200 per month then your savings rate is 10%.

Interestingly, if you earn more you might not necessarily be saving more. If your neighbor makes twice as much money and takes home \$4,000 per month but only hits a savings rate of 5%, his monthly savings are equally \$200. You would be surprised at how often people with higher incomes have shockingly low savings rates. Why? Because of lifestyle inflation!

The great thing about your savings rate is that by focussing on improving it, two major things happen:

- you stash away more money, meaning you reach your savings goal faster;
- you need less to live off, meaning your savings goal can be lower for such targets as a 3 months living fund or pension needs for example.

Calculate your Savings Rate of the past month or months. Then make it a goal to increase your savings rate little by little and to keep track of it at the end of each month (set a reminder in your calendar if needed!).

→ To do: Calculate your savings rate and set yourself a goal to increase this gradually.

Day 15 - Your 7 Income Streams

Did you know there are a total of 7 income streams? That is 7(!) different ways to make money, of which your job is just one... Today you are going to find out about these seven types of income and then discover which one of these might appeal to you most to develop further and start generating some extra money.

The seven income streams are:

- **Earned income from a job** – money you earn through your work for a company. This income stream is generally based on getting paid for your time.
- **Profit** – money you make by selling products or services as part of a business activity at a higher price than the cost price.
- **Interest income** – Money you get from lending money to others, such as to a bank, the government or through investments.
- **Capital gains** – Money you receive as a result of selling something that you acquired at a much cheaper price than what you are selling it at.
- **Dividend income** – Money you get from shares if the company whose shares you own makes a profit they can pay out.
- **Royalties** – Money you receive on products you have made or from franchises of your brand.
- **Rental income** – the rent that you collect from renting out assets that you own (usually property).

For today's task, sit down for a moment, review these seven income streams and then map out how much you are making from each of these on a yearly basis already. Some might be more than others and of course several of these sources might be 0 for you, but the aim is to get a rough idea of your yearly income for each of these areas.

→ **To do: Calculate how much you are earning from each of the 7 income streams.**

Day 16 - Increase Your Income

In yesterday's task you worked out your yearly income for each of the 7 sources of income. Today you will take that one step further and investigate which of these you might be able to develop (further) to generate some extra income.

Below are some ideas to get you started for each of the sources:

- **Earned income from a job** – Can you increase the likelihood of a bonus by making yourself more indispensable? Can you up your earnings by doing another course or pursuing a promotion? Is it time for a new / better paid job?
- **Profit** – Can you start a side hustle selling things you have made or offering your services? Think about an Etsy shop, tutoring or a specialised IT service.
- **Interest income** – Can you increase your interest income by increasing your savings, your investment in bonds or your crowdfunding contributions?
- **Capital gains** – Can you invest more into the stock market, houses or antiques to build up a bigger portfolio and sell that later on when these assets have appreciated? (More on investing in day 21).
- **Dividend income** – Can you buy more shares to increase the amount of dividend at the end of the year?
- **Royalties** – Can you write a book, compose music, design stationary or wall paper or a new software to generate an income stream from royalties?
- **Rental income** – Is buying (another) property in order to rent it out an option for you?

As you can see there are many different ways to increase your monthly income, the challenge is to identify the one or two ideas that would work for you right now, depending on the amount of time you have available, likelihood of success and your short-term and long-term objectives financially as well as professionally.

→ **To do: Plan out your income and decide which income stream to develop.**

Day 17 - Pay Yourself First

Paying yourself first is about setting priorities for your finances and determining ways to always make sure you invest in your financial future. If you look at your list of monthly expenses for a moment try to find out where YOUR payment is.

You can pay yourself by setting aside money to build a secure financial future, to grow your capital and net worth, to reduce debt and to improve your general financial situation and prospect, so that you and your family little by little gain more financial security and freedom. By assigning a part of your money to you, you give your future self an income, instead of spending it all now (and giving it to your grocery store owner, your bank manager and your retail shop), you make sure that some of it comes back to you later.

There is a big difference between paying yourself and paying yourself FIRST however. The latter strategy makes sure that you always invest in your financial security and future by taking out money from your monthly paycheck immediately - as soon as you receive it - to save or invest. If on the contrary you wait until the end of the month and pay yourself LAST with whatever is left over, you likely have a lot less money available, as it has by then probably been spent on other things and given away to other people who benefited from those purchases.

Today's task is to make sure to always pay yourself first no matter what. Set up automatic transfers into a savings account for the day that you are paid and set up your budget to always guarantee a monthly minimum being assigned to your financial future, then budget whatever is left over after that.

→ To do: Always pay yourself first from now on and set up automatic payments into a savings or investment account for as soon as you get paid.

Day 18 - Check Your Pensions

A pension is a fund into which the state, an organization and/ or an employee pay money, in order to finance retirement. This allows people to stop working when they are older, whilst still receiving a monthly income, or alternatively a lump sum of money.

Pension schemes can generally be divided into three different types. Each type can have different characteristics depending on the country, state or industry you are in.

- **State pension** – a pension paid by the state when somebody reaches state pension age. It is normally financed by the employee and /or employer during the employee's active working life through monthly taxes taken out of the employee's wage and/ or by the employer's compulsory social security contributions. Employees generally build up a state pension providing they have worked for a certain minimum amount of years. The monthly pay is usually the same for everybody, regardless of how much the employee previously earned.
- **Workplace pension** – pensions provided by an employer, union or work sector. Participating in a workplace pension is often voluntarily and not all companies offer this option. In some cases employers also make contributions to this scheme for their employees in addition to the payments the employees make into this fund. This pension would be in addition to the employee's state pension.
- **Personal pension** – a private pension scheme contracted by individuals via banks, insurance companies or pension plan providers. These are a good alternative for those who do not have access to a workplace pension or for those who have reached the maximum contribution on that workplace pension and want to top up their pension further. This pension would again be in addition to other pensions.

Today's assignment is to check the pension options you are entitled to and / or participating in, find out how much you currently have in your pension pot and how much your projected pension will be for when you retire.

→ **To do: Find out how much you have in each of your pensions.**

Day 19 - Plan Your Pension

Although it is nearly impossible to predict how your pension will develop over time and how much pension schemes will change, especially if you are still many years (if not decades) away from your retirement, calculating your pension regularly and setting pension goals is a key habit to develop and establish if you do not want to be taken by surprise when you finally get to retirement age and start needing to rely on these payments to replace your regular income.

Today you are going to take control over your pension and start putting in a plan to make sure that by the time you retire you have enough money coming in to live off.

Start by predicting how much you need per month by the time you retire. You can play it safe and take your current yearly expenditure to work off, (although your expenses might change with a mortgage being paid off, more holidays and time for hobbies, longer trips to visit family etc.). Times your expected yearly amount by 1.03% for each year you are away from retirement to correct for inflation. For example if you expect to need \$30,000 per year and you are 30 years from retirement, then $\$30,000 \times 1.03^{30}$ means you need close to \$90,000 a year if you don't want to lose buying power.

Compare this amount to the current projected pay out you will get from each pension you are participating in and check how far away you are from your projected need. Take action to start closing the gap between your expected and projected pension. Especially if you have the opportunity to participate in a workplace pension scheme in which your employer matches your contribution, consider maxing out this option as it essentially means free money. Start keeping track of your pension developments on a regular basis and whenever possible increase your contributions to stay on track.

→ To do: Calculate how much pension you'd like to receive and set up a plan to bridge the gap between your predicted and desired pension.

Day 20 - Discuss Finances with Your Partner

Now that you are taking full control of your finances and future goals, this is a good moment to discuss and share your financial planning with your partner - if you have not done so already.

Discussing money matters and making sure you have the same short-term and long-term goals in mind is essential to not only achieving your financial goals but also keeping your relationship healthy and happy. At the end of the day if you are trying to save, invest or grow your capital whilst your partner wants to spend everything now, you likely both wind up frustrated, and both your financial happiness and your relationship will likely take a hit sooner or later.

Decide on the right way of bringing up finances with your partner: a pre-arranged meeting, a picnic in the park or during a homemade dinner with a bottle of wine.. Whatever you think works best, especially if your partner might be a little reactive to the idea of talking about money.

Once you have decided on a day and time to talk, go through the various aspects of your financial lives to discuss where you are now, what your goals are and how you'd like to get there. Think of the following points:

- Division of money - how do you currently share your money in joint and individual accounts?
- Net worth – what is your current and target joint net worth?
- Expenses – what do you spend your money on and do you want to change anything?
- Debt – how much debt do you both have and how will you pay this off?
- Savings – what are your savings goals?
- Income – how happy are you both with your current income?
- Pensions – what are the pensions that you are both building up at the moment?
- Investing – do you or your partner want to invest and do both of you feel comfortable with this?
- Financial security - review your insurance policies and estate planning together.

→ To do: Set up a meeting time with your partner and discuss some of the most pertinent financial topics.

Day 21 - Learn about Shares and Bonds

Today will be a crash course on investing, so let's dive straight into it...

Shares

Any company is made up of shares and each share is essentially a very small part of a company. If you have a share, it means you own a part of that very business. The more shares you have, the bigger the part you own of that company.

When a company decides to issue and sell shares, they effectively raise money which they often use to reinvest, start up a new department or launch a new product. The main advantage for a company to sell shares over taking out a loan is that they never need to repay the money they raised, nor is there any interest to be paid back over the money.

Investors are interested in buying shares because of two main reasons: firstly it gives dividend payments (part of the company's yearly profit divided amongst shareholders) and secondly investors hope that with time these shares will go up in value and can be sold with a profit.

Bonds

A bond is in essence nothing more than an IOU that a government or company issues when they borrow money from investors. Like with shares, companies and governments often issue bonds in order to raise capital they need for a new investment or expansion. Unlike most other loans however, bonds are not paid back through monthly payments, but all in one go at the end of their life span.

Bonds offer two advantages to companies that a loan from a bank often doesn't: the interest rates can be lower than those a bank charges and it gives them more flexibility and freedom when it comes to choosing between reinvesting and loan repayments, whereas loans from banks are often tied to strict repayment conditions.

Bonds offer similar advantages as shares to investors: monthly interest payments as well as the possibility of capital gains if bonds are resold at a profit.

For today's tasks and in preparation for the next few tasks, find out more about how shares and bonds behave on the stock market by typing "shares / bonds + (a company)" to see how the prices of these assets can fluctuate over time, not just over several weeks but even years.

→ To do: Find out how specific shares and bonds go up and down over several days, weeks, months and years.

Day 22 - Discover the 3 Ways to Invest

There are generally three different ways to invest in a stock market and today you'll find out about the advantages and disadvantages of each approach.

Handpicking shares

Firstly you can handpick your assets, meaning you select one or a few companies you want to invest in, buy their shares and wait for the magic to happen. The key advantages as well as disadvantages are summarised below:

Advantages

- You are in complete control over what to invest in: small companies, older companies, environmental friendly companies, the tech industry etc.;
- There are no costs between the day you buy and the day you sell;
- You can do extremely well and make a lot of money;

Disadvantages

- You might also lose a lot of money;
- You need to know a lot about the individual companies on the stock market in order to make informed decisions.

Mutual funds

Another route to investing is through mutual funds, in which case the money of small investors is pooled together. A fund manager is then appointed to manage this fund and he or she decides which shares and bonds to add to the portfolio, based on the latest market developments, company profits and expectations.

Advantages

- Over short-term periods (1 – 5 years), mutual funds can significantly outperform the market;
- Investors do not have to make (m)any investment decisions, the fund manager will determine what to invest in and when to buy or sell.

Disadvantages

- Mutual funds have many costs and fees, some hidden and some not, that can eat away returns;
- Over long periods of time, a mutual fund is extremely unlikely to outperform the market.

Index investing

A third way to invest is through index investing, in which you buy shares of every

single company in a particular index in the same proportion as their relative size in the market. In this way you basically copy the market and therefore will get almost exactly the same returns as the market average.

Advantages

- The only decision you need to make is which market(s) to follow and in what proportion you want to buy shares and bonds;
- Costs are very low;
- You will always get more or less the market average return.

Disadvantages

- You will never beat the market. Your maximum return will be the market's average;
- Trading often only happens at set moments, you don't have instant access to your assets or respond quickly if there is a sudden drop or rise in prices.

Today's task is to find out more about investment options available to you and in your country: find brokers, details of the funds they offer, fees as well as minimum contribution and average results / performance.

→ To do: Gather information about investing options available to you.

Day 23 - Should you Invest or Not?

Now that we have covered the basics of investing and the stock market, you might still be wondering whether investing is the right move for you. Today's challenge looks at reasons to invest, followed by some reasons to hold off investing.

Why should you invest?

Let's start with some of the main reasons that makes investing worthwhile to many:

- Investing is an alternative to saving that lets you grow your money;
- On average the markets go up by somewhere between 7-10% yearly. That is more than most yearly inflation rates and also more interest rates offered on saving accounts;
- A fun advantage of investing: many people like to track their portfolio and see how their investments are doing.

Is investing for you?

Below are some important questions that can help you determine whether investing is for you and if it is, whether this is the right moment for you to start investing or whether you should wait and resolve some other financial areas first:

- Do you any have high-interest debts? If the debts you have carry a high interest rate it might be wise to pay these off first;
- Have you got money available to start investing? Traditionally you needed a big amount of money to enter the market, although nowadays with index and ETF investing it is possible to invest with relatively low monthly amounts, sometimes as low as \$50-100 depending on the brokerage firm. Do you have that amount of money?
- Can you and your family actually miss the money? Investing often means that you tie away your money for prolonged periods of time. Have you got access to an emergency fund or other types of cash (without having to build up debt by taking out (more) loans!) in case of an emergency?
- How much risk can you handle? If it scares you that you might lose a lot of money on the market, then investing might not be a good idea, or maybe you just want to go for very safe bonds.
- Why do you want to invest? What would you want to use money for? Typically the best results one can get on the stock market come about after a prolonged period of time. Are you ready to commit to several years of investing?.

Give these questions some time to go through them and answer them one by one. Make sure to involve your partner as well if applicable.

→ To do: Decide whether investing if for you.

Day 24 - Three Key Investing Concepts

Before moving on to the next financial area, let's finish off with three key investing concepts.

Bull & Bear Markets

We speak of a bull market when share prices go up over a period of time, leading to more market activity and a desire to buy, thereby driving up the prices further. The opposite of a bull market is a bear market, during which prices generally go down, with many investors often wanting to offload their shares at cheaper prices to avoid any further losses.

Most people join the masses and buy during a bull market and sell during a bear market, thereby either contributing to price increases or decreases. As a rule of thumb try to do the opposite: buy when everybody else is selling and sell when everybody else is buying. In that way you acquire assets at a low price and sell them at a high price, which is obviously a lot more sensible than the other way around.

Dollar cost averaging

Dollar cost averaging is the process by which the average cost of your investments goes down over time by taking advantage of price changes. This is achieved in two ways:

- When the market is up you buy less shares, thereby avoiding buying too much when they are overpriced and expensive;
- When the market is down, you buy more shares, thereby making the most of the shares being cheaper.

Obviously you can't predict what will happen with prices over time, so the way to achieve this is simple: by investing a set amount monthly. Let's say you invest \$300 per month:

- When prices are \$100 per share, you buy 3 shares a month.
- When prices go up, you keep investing the same amount of \$300 a month. The higher the prices, the less shares you buy, so if shares go up to \$150 you end up only buying 2 shares.
- When the opposite happens and prices drop to \$75 a share, your steady investment strategy suddenly buys you 4 shares.

Simple yet effective.

The 4% rule

The 4% rule, which is based on numerous studies, found that if on a yearly basis you take out 4% of your investment portfolio (i.e. sell 4% of your assets to supplement your income or pension), you have a very high probability of keeping your portfolio alive on

its own. Whilst you reduce the size of your portfolio by taking a part out, it will also continue to grow due to interest and dividend reinvestments as well as capital gains.

With this information in mind you can start planning your investment strategy. If you want to supplement your income or pension by an additional \$10,000 a year, then you need to have a portfolio of \$250,000 (ignoring inflation for a moment). There are many online investment calculators available for you to calculate how much to invest on a yearly basis depending on how much time you have to build your portfolio.

Today's task is to make a definitive decision as to whether to start investing, and if so, how much you can invest monthly. Also take the opportunity to calculate how much you should set aside yearly depending on your goals.

→ To do: Decide whether you really want to invest and if so, how much to invest.

Day 25 - Audit your Insurance

Risk management and insurance is an important part of financial planning, although surprisingly often overlooked. Many feel insurance is boring, complicated or not needed and years of careful financial planning amounts to nothing if a small oversight on your side leads to a financial disaster for you or your family.

Choosing which types of insurance you need, which ones you do not and making sure that the ones you have are still up-to-date and applicable to your current situation can be a bit of challenge though, which is exactly why it is our assignment for today!

An insurance is essentially a financial protection you contract against the risks of a possible loss. Below are the 5 most common types of insurance you might need:

- A **life insurance** covers others who financially rely on you for any economic consequences if you were to pass away. This might be your children, your partner or a family member who needs ongoing care.
- A **health insurance** covers your health bills to ensure you have access to the medical care you and your family need without afterwards being presented with excessive bills to pay.
- A **disability insurance** provides you with financial compensation in the event of a disability that stops you from going back to work. It covers your future wage by paying a certain percentage of your wage, often around 60-70%, either until you are able to go back to work again or for as long as the policy contracted states that you are entitled to the compensation.
- A **home or renter's insurances** covers you against things such as theft or damage, so that if anything happened, you would get financial compensation in order to replace or repair what is needed.
- **Car insurance** often covers medical and well as property costs after a car accident, both for you and your passengers as well as any third parties involved.

Of course there are many other types of insurance around but many of these you probably never need. That said, everybody's situation is different so always check this yourself and make your own decisions based on what is best for you and your family.

Today's task is to pull out all your insurance policies, go through them and make sure they are still up to date. If there is anything that needs to be updated, extended, reduced or cancelled, make sure to organize this today.

→ To do: Check your insurance policies are all still up to date and make any changes to your insurance as required.

Day 26 - Update your Estate Plan

Today's task may not be the most cheerful to busy yourself with, but estate planning should be high up on your priority list of financial planning, no matter how old or young you are.

Estate planning is about taking the necessary steps now to arrange for what will happen to your inheritance for when you pass away, as well as making arrangements for who is to make key decisions in case you no longer can.

There are 6 key parts you should arrange as part of your estate planning, which include:

- **A will** - a legal document that details what should happen to each of your assets upon your death, providing this is in compliance with the national legislation. Setting up a trust fund can furthermore be advantageous to your heirs with regards to taxes.
- **A health care proxy / health care power of attorney** - this is somebody in charge of important healthcare decisions about you should you no longer be able to do so mentally or physically.
- **A power of attorney** - somebody assigned to the role of making financial and legal decisions, including about your estate, should you not be able to do so.
- **Beneficiary designations** - people who are named on some of your assets, such as a retirement account or certain insurance policies, who are to inherit them if you pass away.
- **Guardianship designations** - a person or a couple who would look after and raise your children in case something happened to you before they reach 18.
- **Letter of intent** - a letter in which you express your views on what should happen with your assets and other financial or legal matters when you pass away or are no longer able to make any decisions. Although a letter of intent is not a legal document, it can help a court to understand your wishes should any of the previous documents be ruled invalid for whatever reason.

Today's task is to find and review any arrangements you already have regarding the above, then to make an appointment with a notary, estate attorney or whoever else would be authorized in your state or country to draft the legal documents described above and discuss the arrangements you want to make in order to get the necessary documents drawn up, signed and legalized.

→ **To do: Update your estate plan and make corresponding arrangements.**

Day 27 - Organize Your Administration

Now that you have almost got to the end stage of the 30 Days to Financial Excellence and have hopefully made huge progress on various areas of your financial life, one of the worst things is to have your finances all in order and then not being able to find important financial documents when you need them, such as insurance policies, warranties, bank statements or income stubs for your tax return.

Having an up-to-date and easy to understand filing system does not only guarantee less stress and time lost when you are looking for things, it also ensures you do not waste money, such as on a new product if your old one still has a guarantee on it. It allows you to quickly check you currently have the right insurance cover, check your credit card statements are all correct and update your assets and debt details.

Today's challenge is to upgrade your administration and decide whether you want to keep a physical or digital administration. If you'd rather keep your documents saved in digital format, you'll probably need some type of scanner to digitize your files.

After you've gone through your entire house to collect any papers that have been misplaced or temporarily stored in shoeboxes or drawers, start filing away your documents into folders organized in a logical way and with enough space. Example filing categories include:

- Income / payslips and annual statements;
- Insurance policies;
- Bank and credit card statements;
- Savings and pensions overviews;
- Car documents;
- Utilities contracts and bills (electricity, water, phone etc.);
- Tax returns;
- Warranties, manuals and receipts;
- House and home maintenance related issues;
- Official paperwork such as birth certificates, marriage licence and diplomas;
- School documents;
- Mortgage and property documents;
- Medical documents;
- Documents regarding your pets

Throw away any documents you come across that you no longer need. From now on make sure to upkeep your administration on a weekly basis.

→ To do: Set up, sort through, file, and organize your administration.

Day 28 - Celebrate Your Victories

During the past few weeks you hopefully have set new financial goals. Setting goals is one thing, but achieving them is a whole different matter. Goals are usually easy to set and difficult to achieve and require real commitment and dedication. As you continue on your journey to Financial Excellence, your goals might become bigger and more abstract which in turn makes it more difficult to see your daily efforts paying off.

You can make goals more tangible by not focussing on the end goal but on smaller milestones along the way, making it easier to see progress. Then - and here is the most important part - you can celebrate your victories. Once you have got together half, a quarter or even just 10% of your \$10,000 savings goal - celebrate.

I am not talking about spending lots of money on a meal out in a high-end restaurant (that might set you back 30% on your way towards your goal anyway). A celebration can be as big or as small as you want it to be: open a bottle of wine, have a picnic in the park or go for a walk along the beach. By celebrating your victories you keep yourself (and your partner or family) motivated which makes you appreciate what you have already achieved instead of focussing on what is still to be done.

Regardless how big or small your goals are, think of ways to break down financial goals as well as how to celebrate your achievements. Have a look at some of the following ideas on how to celebrate:

- Net worth: celebrate every time you increase your net worth by \$5,000.
- Emergency fund: Celebrate when you get to \$250, then to \$500 and finally when you reach \$1,000.
- 3 months living fund: Celebrate every time you save 1 month.
- Debt: celebrate for every \$2,500 you pay off.
- Savings: celebrate every time you save \$2,000 or your savings rate increases by 3%.
- Investing: celebrate every time your portfolio increases by \$5,000.

Today's task is to look at some of the goals you've set in the past few weeks and start breaking them down into smaller goals, along with some ideas on how to celebrate each milestone.

→ To do: Break your financial goals into smaller goals and determine how to celebrate each small milestone you achieve.

Day 29 - Give to Charity

Giving to charity does not have to cost you hundreds of dollars a year. It is just like saving money: start with it early, even if you can only contribute \$1 a month, or \$10 a year. Not only is that still \$10 a year, it also gets you into the habit of giving, so that every time you have a little more money available, it will be easy to also increase that contribution, even if it is by just a small amount, to make space for it in your budget and to remember that there are many who are less fortunate than you and to whom your (however small) contribution can make a considerable difference.

Types of charity

To help you decide which charity most appeals to you, below are some common themes that you might feel particularly connected to.

- Health and health care – cancer research, new medicines, patient and family support charities, mental health care;
- Animals – endangered species and wildlife conservation, local animal shelters or animal welfare care;
- Human and civil rights – examples include: Human Rights Watch, Amnesty International or War Child;
- Children – think of projects focussed on poverty, education, orphans, children who have a family member in jail, the scouts;
- Environment – e.g. Greenpeace, protection of the environment, renewable energy initiatives;
- Arts and Culture – such as performing arts, museums and historical societies;
- Social and community – e.g. the homeless, the elderly, social services, neighbourhood initiatives

These are just some categories and examples, there are of course many more charities, but it gives you a rough idea to start looking at the type of charity you might want to donate to.

Types of contributions

The most common way to give to charity is by giving money, but there are other ways to contribute too to consider. Below are some examples of how you can contribute to charities:

- Monthly or yearly contributions – regular financial contributions often presented as a memberships in exchange for which you might get a trimesterly magazine, special discounted products or regular offers or events you can attend.
- Inheritance – leaving some of your inheritance to a charity by stipulating this in your will is a common way to give money when you ultimately no longer need it.
- Your time – become a volunteer helping out with yearly events, at a local shelter or promoting the charity's mission.

- Help fundraise – participate in a bake or yard sale, put a collecting box at work or add a link to a charity on your personal blog or social media to bring the work of your charity to the attention of others and to encourage them to give too.

Today's task is to decide firstly what type of charity you'd like to contribute to and then investigate which charity fits the bill the most. Make a commitment to start contributing, if you feel you don't have much to give, start by saving up and budgeting \$1 a month or think of how you can give some of your time or help fundraising.

→ **To do: Start giving by charity.**

Day 30 - Your Children & Finances

Whether you have children on your own, grandchildren, (adopted) nieces and nephews or plan to have children at some point in the future, you can play an important role in educating these children financially.

Save money for your children

The first thing you can do is to set aside some money in a savings or investment account. Not only will this once they are a little older give you a great topic to discuss with them to show them the power of compound interest, it also makes for a great 18th, 21st or wedding gift.

The earlier you do this, the more time the money has to grow. If you are lucky enough to live in a country that has a child benefit scheme consider setting this aside. The average of about \$75 per month would grow to a total of \$32,500 assuming an average return rate of 7% in an investment account after 18 years (not adjusted for inflation).

Maybe you cannot survive without the extra child benefit that you are receiving and therefore cannot invest all of that money. But what about half of it? Or even just \$25 or \$10 a month?

Teach your children about money

Secondly start thinking of ways to educate your children on the value of money. Some ideas include:

- Give children a small amount of pocket-money from an early age on to get them to plan how they want to spend it and how to save up for a bigger purchase. It teaches them the value of saving, planning and prioritizing.
- Consider some type of "savings match" or interest you give children for every dollar they save if they have not yet got a savings account.
- Give each child three jars: one for spending money that they can always use, one for savings which they assign to a specific savings objective and one for charity that they use to donate to a charity of their choice.
- Have a chores list with things they can do in or around to house to earn some extra money. You can have a maximum amount per week or month they can earn if you want to limit how much to pay them. In this way they learn that jobs are what give you money.
- Teach children about debt and how this is expensive in the long run. The best way for them to learn this is by giving them a small loan for a purchase they would like to make and charging interest on it. A tough lesson to learn but it will be a very valuable lesson.

Today's task is to start setting aside money for your child (consult your budget to see how much you might be able to set aside) as well as talking to your partner on how to start teaching your children about money consciously. Implement one or two ideas

based on their age and interest.

→ **To do: Start setting aside money for your children and teach them about finances in an age-appropriate way.**

BONUS: Visualise Your Dreams

Congratulations!! You've made it to the last day of the 30 Days to Financial Excellence! Some days might have been easier and others more difficult, but you held on and continued until the end. That's a good sign as it not only means that you've probably made some huge progress in many of your financial areas, it also indicates that you are much more likely to appreciate the progress you've made and to keep up giving financial planning a prominent place in your life.

And that ties in with one last bonus exercise for you to do: to set goals and to visualize your dreams in order to keep moving forward even now you've come to an end of the 30 Days.

Start with setting goals. Look back at the various areas we've covered during these 30 days, such as debt, savings, income, investments and pensions and set goals for each of them. When do you want to pay off each debt? How much do you want to have saved next year, in five years etc. How much do you want to earn when you are 35 or 50?

Once you have identified goals in most of the financial areas, start thinking about your bigger dreams. Why do you want to earn x amount of money? To buy a boat, a second house or to travel the world? What will you use your investments for? To pass on a legacy, reduce your hours of work when you are older or move to a more expensive state to be closer to your children?

Once you've thought about your dreams find some time to create a vision board: a visual representation of your goals usually made up of photos, pictures or drawings along with quotes or short statements that represent the key goals you are working towards.

Place a vision board in a strategic place (like on the fridge, bathroom mirror or inside of your wardrobe door) and you are constantly reminded of your goals, your why's and the reason for planning your financial life.

→ To do: Make a vision board and place it in an obvious place.

I hope you found this resource useful and that you have successfully implemented the 30 concepts!

If you would like to find out more about personal finance, financial independence or me, please connect in one of the following ways:

Twitter: twitter.com/100StepsMission

Facebook: www.facebook.com/100stepsmission

Website: 100stepsmission.com

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Once again well done on making it til the end and if you enjoyed this challenge, please spread the word to somebody else who could do with an upgrade of their financial life.

Inge Natalie Hol