Get Good with Money

Ten Simple Steps to Becoming Financially Whole

By Tiffany Aliche

15-minute read

Synopsis

Get Good With Money (2021) is a ten-step guide to developing a healthy, happy relationship with your money. It focuses on building wealth through the concept of *financial wholeness*, which embodies constructive spending and saving habits – leading to financial security and peace of mind.

Who is it for?

- Women who want to take charge of their finances
- Ambitious earners looking to boost their wealth
- Anyone who wants to budget better or slash debt

About the author

Tiffany Aliche, aka "The Budgetnista," is an award-winning financial educator. She's a regular on *The Real* talk show and cohosts the financial podcast *Brown Ambition*. Aliche also cofounded the Live Richer Academy, an online school that teaches women how to achieve their financial goals. In 2019, she cowrote a bill that made financial education mandatory in all middle schools in New Jersey. Aliche has been featured in the *Wall Street Journal*, the *New York Times*, and *Fast Company*, among others.

What's in it for me? Get good with money and build yourself a bright future.

Tiffany Aliche was doing well for herself. She loved being a preschool teacher and had acquired a good-sized nest egg. But a recession and an unfortunate run-in with a financial scammer upended her life. Suddenly, she was out of a job and in a deep hole of debt.

At rock bottom, there was nowhere to go but up. Aliche began mapping the path to her own rescue and came up with a formula focused on *financial wholeness* – an accessible alternative to get-rich-quick promises or complicated money-making schemes.

The formula's ten principles have since helped over a million women save and pay off millions in debt. They show that taking control of your finances isn't scary – it's empowering!

In these blinks, you'll learn

- the fundamentals of budgeting;
- why squirrels are good financial role models; and
- how to get rich*ish*.

Developing a healthy mindset around money will set you up for financial success.

Have you ever wondered how you'd cope financially if disaster struck? For too many of us, that hypothetical has become a stark reality. If the coronavirus pandemic shows anything, it's that the unpredictable can happen at any moment – and jobs or income stability can go *poof* just like that.

But being *financially whole* means not having to worry about those things. Instead, each area of your finances works in sync, for you. It doesn't matter whether you live in a penthouse or your parents' house – anyone can work to achieve this state.

Before starting the ten steps to financial wholeness, check in with your mindset around money. It's a topic that often brings with it anxiety and shame, but you can overcome your triggers with a few simple exercises.

The key message here is: Developing a healthy mindset around money will set you up for financial success.

Knowing when and why you do something is really important when it comes to making lasting changes so, first, recognize your money influences and patterns. Your approach to money didn't come out of nowhere. It's been shaped by your family and society. Start to break any patterns that aren't serving you by gently probing your behavior. Write down your financial habits. Be honest about where they come from, what they make you feel, and how they might be derailing your goals.

Next, establish a financial voice and use it to take charge. Picture a version of yourself who's great with money. Don't fall into the trap of thinking you need to work hard for money; instead, make your money work for you. When you see yourself as the boss, you'll start making different decisions.

It's also crucial to find a reason for gratitude, and to live for joy. More money might make your life easier, but it won't make you happier after a certain point. You might feel uncomfortable as you begin to change your financial habits. But that's just a sign of your growth – something to be grateful for. Create a gratitude list, and add to it every morning and evening.

Next, remember to surround yourself with positivity and accountability. Think about the people who influence you – do they encourage and support you? If not, proactively replace these drains with people who will lift you up.

Finally, remember the power within you. You have everything you need to pursue financial abundance! Your current circumstances aren't the end; they're just the beginning.

A solid budget provides the foundation for your financial future.

Learning to create and manage a budget is your first step toward financial wholeness. Your budget is your *say yes plan* – it allows you to indulge your dreams, be they a tropical vacation or going back to school.

Budgeting is an active task, requiring you to track how much you bring in every month and to know your fixed and variable expenses. Throughout the process, try to be as specific as possible.

The key message here is: A solid budget provides the foundation for your financial future.

To begin, you'll need to self-diagnose. Make a *money-in list* of all your income, big or small. Next, make a *money-out list*. Visualize your typical day. When and what do you spend on? Maybe it's a big data plan, online shopping, or surprising your friends with drinks. Note everything, but don't judge! Now, write down how much you spend on each item, and calculate your total monthly spendings.

The next step might get a little emotional. Aliche recommends putting on some relaxing music or lighting a scented candle to help cope. It's time to calculate your *beginning monthly savings* – that's your spending subtracted from your income. This figure might shock you – but again, no judgment!

Now get ready to heal your financial situation. Go back to your expenses, and assign *control categories*. Label each one. Either B (bills), UB (utility bills), or C (cash expenses). Here, cash refers to noncontractual costs like groceries or haircuts. If most of your money is going to B and UB expenses, you're probably not earning enough. But if your C expenses are costing the most, you have a spend-too-much issue.

To tackle this, reduce your expenses. Start with the C expenses; they're easiest to control. Skip online shopping for at least a week (or two or three), and cancel any unused subscriptions. Meanwhile, you'll need to increase your income – but more on that later.

Now it's time to divvy up your funds. You'll need two checking accounts – for cash expenses and bills, plus two savings accounts – for emergency funds and long-term goals. Try to automate as much as possible – the final step to budgeting. Setting up all your deposits and payments to happen automatically not only frees up time and energy, but also removes the possibility of human error.

And there you have it: a budget that's ready to say yes!

Saving like a squirrel will bring you peace of mind.

Squirrels are master savers. During acorn season, they gather their bounty, even digging holes and planting the acorns for later (otherwise known as investing). When winter arrives and there's nary an acorn in sight, the squirrels aren't worried. They tuck into their cozy homes and live off the savings they stored during better times.

Typical human behavior, on the other hand, is the opposite. We like to splurge when times are good – "Live for the moment!" But to get good at saving, you've got to *save like a squirrel* – the second step to financial wholeness.

Shift your habit from saving to *spend* money to saving to *make* money. The more you save, the more you can invest or use as a cushion during tough times.

The key message here is: Saving like a squirrel will bring you peace of mind.

Remember those savings subaccounts you set up while budgeting? It's time to start depositing into them. You have two classes of savings goals: emergency and personal. To begin, work out your emergency savings goal figure; it should be enough to cover at least three months' household expenses. Then calculate how much you can set aside each month for your individual goals, including investing.

Where does this extra money come from? Well, ask yourself, *What's the smallest amount I can survive on monthly?* This is your *noodle budget*. The goal is not to live on a noodle budget forever, but to see where you can cut back. It might mean cooking your own meals, doing your own hair, and leaning into free entertainment – at least for a while.

Another way to save is to practice mindful spending. Before you buy anything, take a few moments to ask yourself these four questions, in this order: *Do I need it? Do I love it? Do I like it? Do I want it?* Look for ways to shift your spending on likes and wants to saving for needs and loves.

List your emergency and personal savings goals as new bills on your money-out list, and set up monthly transfers for each one. The best savings account is one that earns as much interest as possible, prevents instant access, and keeps your money safe. It could be an online account, which might discourage impulse buys while also giving you more pennies on your dollar than a traditional brick-and-mortar bank.

Becoming debt-free and boosting your credit score lets you focus on making money.

The flipside of savings is, of course, debt – a heavy topic. But you're in luck! *Digging out of debt* is the third step to becoming financially whole.

It doesn't matter whether you're dealing with a mortgage, student loan, or credit cards; to begin tackling debt, you need to shift the way you think and talk about it. Instead of describing the state of owing money as "I'm in debt," say, "I have a debt to pay." Debt isn't a place, so don't let yourself get stuck there.

The key message is: Becoming debt-free and boosting your credit score lets you focus on making money.

To get a clear picture of what you owe, make a list with amounts, interest rates, and due dates. Then choose a repayment strategy. Consider two options: the *snowball method* and the *avalanche method*. Using the snowball method, you pay off your debts from smallest to largest. With the avalanche method, you first pay off whichever debt has the highest interest rate.

The best strategy really depends on how *you* operate. Maybe you're motivated by small, fast wins. Or maybe you prefer a longer-term approach with a bigger win. Aliche recommends mixing the two methods so that you experience both small and big successes.

But, just as you shouldn't define yourself by debt, don't overfocus on becoming debt-free – after all, it's just one part of your money journey!

Next is the fourth step to financial wholeness: *boosting your credit score.* Your credit score is a computer-generated number indicating the chances you'll pay back a debt. Good credit is your path to the best interest rates and huge savings on anything purchased with credit, like a house or car. The number you're shooting for, in the US at least, is 740 or higher.

Say you've bitten the bullet and requested your free credit report . . . and discovered your current score is a hot mess. Don't worry; remember to normalize financial mistakes and concentrate on the game plan!

There are a few factors that impact your score. The most important is *payment history* – your ability to pay bills on time. Focusing on the past two years, look at your history and check for any errors you could dispute. Then there's *credit utilization*, which is the percentage of your credit limit that you use. Aim to average under 30 percent – just enough to establish your credit history – and make sure to pay off any balance every month.

Increase your income by assessing your self-worth, building your skills, and getting a side hustle.

OK, it's time to get some more money flowing into your bank account! It's easy to feel stuck when you're living on your noodle budget and struggling to build your savings. But remember your power. Ever heard of the goose that laid golden eggs? That's you – figuratively, of course!

There are a couple of ways you can *increase your income,* the fifth aspect of financial wholeness. They involve upgrading your current earnings, as well as hacking the side hustle.

But first, you need to ask for a raise.

The key message is: Increase your income by assessing your self-worth, building your skills, and getting a side hustle.

When asking your boss for more money, a *brag book* documenting all the ways your work directly benefits your company will help you make a good argument, as will expanding your skills.

But, if your current employer doesn't recognize your worth, look for another job! Boost your practice and confidence by going on multiple interviews, and negotiate all offers. Apply for jobs even if you don't think you're the perfect candidate; studies show that men do it all the time! A 50-percent match is enough to give your potential a chance.

If you can't increase your income through your primary job, it's time to strategize a side hustle. Consider your skills, ask family and friends what you're good at, and decide which of your talents you can monetize. Putting a target on your side hustle will make it more real. A good starter goal is $500 a month – that's $125 a week, or a little over $16 a day.

As a teacher, Aliche used to babysit and tutor on the side, bringing in an extra $6,000 a year. Her current success is also due to what was once a side job. She started helping her friends with their money issues. Then *their* friends took notice and started asking for help too. Her sister started calling her "The Budgetnista," and the rest is history.

Now that you know how to become financially stable, it's time to start growing and conserving your wealth. In the next blink we'll look at the sixth step to financial wholeness: *investing like an insider*. Investing for both your retirement and for building wealth is how your present self takes care of your future self – one of the greatest acts of self-care there is.

Make your money work for you by investing for your retirement and wealth.

Money is like a plant; if you put it into an investing account, it'll grow. This growth happens because of something called *compound interest*, which is when your money makes money and this money – the interest – makes you more money.

Basically, your interest earns interest.

And it works whether you're starting with a lot, or just a little – don't fall for the myth that investing is only for rich people! Be consistent and you'll be able to build wealth through the stock market no matter what the economy does.

The key message is: Make your money work for you by investing for your retirement and wealth.

First, you need to invest for your retirement. Putting money away for some distant future isn't always easy. But it's your younger self's job to look after your older self, so take a minute to imagine the person who'll be affected by the choices you're making today.

To work out how much you need to invest for retirement, multiply your annual expenses by 25. This is the amount you'll need to maintain your current lifestyle – forever. If you follow the *4 percent rule* and never withdraw more than that each year, you'll never run out of money.

To get there, you'll ideally invest 20 percent of your income each month. Do this either through a 401(k) via your job or a Roth IRA account that you set up yourself. Generally, you want to invest in stocks, for fast growth, and bonds, which are slower but steadier. Commit to consistent, automated contributions – and then leave it alone and let it grow. Your future self will thank you!

After you've started investing in retirement, you can invest in wealth. First, determine how much you can afford to contribute every month. What's left after you've managed your expenses, savings, debt, and retirement?

Then think about what kind of investor you are: active or passive. If you have time to spare and don't mind research (or risk), consider actively looking into stocks. Otherwise, passive investments like mutual funds or Exchange-Traded Funds (ETFs) are your best bet.

If you're feeling overwhelmed, start small. The point is to create a habit of investing. Aliche started off with $5 a month for nearly a year. Eventually, that $5 turned into $50, then $500, then more. Just remember that not investing is *not* an option!

Getting good with insurance will help increase your net worth.

Insurance is tricky. It can feel like a waste of money – until you need it. And *then*, if you don't have it, you could be in real trouble. *Getting good with insurance* is the seventh step to becoming financially whole. It's thinking of insurance as a safety net if there's ever a crisis.

First, if you don't already have it, get health insurance. Employers usually provide a few options. If you're self-employed and live in the US, healthcare.gov is a good resource for finding the right policy.

Next is life insurance, which provides a lump-sum payment to your beneficiaries if you die. You don't need life insurance if you're single and have no financial dependents or much debt. But if you have a spouse, children, or major debt, insure yourself for at least ten times your income.

Disability insurance covers you if something happens and you can't work, and it's worth getting property and casualty insurance too.

The key message here is: Getting good with insurance will help increase your net worth.

Insurance, along with everything we've covered so far – budgeting, savings, debt, credit, increasing income, and investing – ties into the eighth step of financial wholeness: *increasing your net worth*.

Aliche calls it *getting richish*. Your net worth doesn't grant you privileges like a credit score, but it's an important financial indicator; a positive number shows you're on the up and up.

Calculate your net worth by subtracting your liabilities from your assets. Your liabilities are what you owe – things like loans or long-standing credit card debt. Assets are anything you own that has value – think savings, stocks, or real estate.

Remember not to judge yourself for whatever number comes up. Make a net worth goal – say, increasing it by $10,000 in the next two years – and define your monthly actions to achieve it. These could be either liability- or asset-focused. Be sure to track and check in on your net worth every six to twelve months, and update your goal as needed.

Make any financial decisions with your net worth in mind. Whenever possible, pay in cash, which often gives you more negotiating power, not to mention a psychological nudge to spend less. And save up for the things you want! Because when you buy on credit, you're stealing money from your future self and spending it today.

Engage financial professionals to help you reach financial wholeness and leave a legacy.

The most surefire way of achieving your financial goals is to seek out support, advice, and expert guidance; this is your *money team*. *Putting together* a *team of financial professionals and accountability partners* to keep you on track is the ninth step to financial wholeness.

Say you rent your apartment, have some savings, and have set up a 401(k) through your job. Your money team might just be a financial educator, plus your partner or peer group. Make sure they're what Aliche calls *dream catchers*: empowering people who are enthusiastic about financial growth.

If your finances are more complicated, then you'll want a few more players on your team: an accountant, an attorney, and perhaps a financial planner and an insurance broker for general support and to help you choose the right policies.

The key message is: Engage financial professionals to help you reach financial wholeness and leave a legacy.

Having a money team ensures that you're not only the boss of your life, but also of your legacy. *Creating an estate plan* is the tenth and final component of financial wholeness. Planning for a time after you've died can feel painful, and very grown-up. But, it's important – no matter the size of your bank account. To make things easier, try working on just one of these steps every three to six months.

First, identify your beneficiaries. Who will receive your estate – any cash, property, jewelry, or other assets – if you pass away? And who will take on your debts? Next is guardianship. If you have kids under the age of 18, make sure there's a care plan in place. The same goes for any precious pets!

Third, write a will. If it's within your budget, meet with an attorney to create one. Or, for a basic will, go online. You'll also want to deal with your *advance directives*. These include a living will, which is your voice when you're alive but not able to speak, as well as a durable power of attorney. Finally, document your long-term care plan in case you ever need help with activities like eating or bathing.

In achieving financial wholeness, you'll have made sure your money works for you and your loved ones – even after death.

Final summary

The key message in these blinks:

By following ten tried-and-true steps, you can achieve financial wholeness and get your money working for *you*. The first five steps cover budgeting, savings, debt, credit scores, and earning. These are the fundamentals that will help you become financially stable. The last five steps – investing, insurance, increasing your net worth, building a money team, and leaving a legacy – are all about growing and conserving your wealth. As you go through life, your finances and goals will change, but you can always return to these ten steps to navigate the different stages.

Actionable advice:

(Make your credit score) jump like Jordan.

To quickly improve your credit score, try a tip that Tiffany Aliche named after the legendary Michael Jordan. Pick a small monthly debt, like your Netflix bill, and get it charged to a credit card that has a $0 balance. This bill should be the *only* thing the card is used for. Now, auto-pay it each month after the statement closing date. By bringing one of your card's balances to zero *every* month, your credit score will "jump like Jordan!"

Got feedback?

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