



The MoneyMill Exercise

On the front cover of this book you may have noticed a colourful looking diagram, with six segments (which correspond to the six core sections). It's the heart and soul of this book, the key to moving forwards.

The MoneyMill exercise is that windmill diagram on this book's front cover – it's a classic spider diagram. By plotting your score from 1-4, and joining the dots, you'll be left with a shape. That shape is a snapshot of your personal finance journey. You can either do this on the front cover of this book, or the first inner page if you'd rather keep your score more confidential.

You should complete it now, and again several months after finishing the book, to give yourself time to put into practice what you've learnt. The aim is for you to improve in all aspects of personal finance, and when you come back to doing the exercise later down the line, to have a bigger shape drawn than before. The bigger the shape, the more you've progressed.

Completing it is simple – fill out the tables on the following pages and use your score to determine where you are on the diagram. Simply tick the boxes next to statements that are true to your personal situation and use that to guide your score.

It's not a definitive list though. If your answers suggest you are level 2, but you really believe you're level 3, that's fine. It's to help guide you, use your own judgement to make a final decision. You know yourself better than anyone else!

<i>Earning</i>		Today	Future
<i>Level 1</i>	I have no source of income.		
	I have a small and unreliable source of income.		
	I do not know how to work towards a stable source of income.		
	I do not know how to read a payslip.		
<i>Level 2</i>	My source of income is unstable and unreliable.		
	I can read my payslips, and understand my tax code.		
	I am uncomfortable negotiating for a pay rise, unable to get a promotion, or am unwilling to move jobs to earn a more.		
	I am aware of other income streams I could benefit from, but have not put any into action.		
	My compensation package does not include any perks such as commission, bonuses, overtime pay, extra holiday, etc.		
<i>Level 3</i>	I have at least one stable and substantial source of income.		
	I am comfortable negotiating for a pay rise, getting a promotion, or changing jobs to earn more.		
	I have put into actions one or two new income streams that are generating me a little more income.		
	I am aware of tax avoidance strategies, but have not used any.		
<i>Level 4</i>	I have multiple stable and substantial streams of income.		
	I regularly negotiate for higher pay, achieve promotions, or move jobs to earn more.		
	I regularly boost my income by using tax avoidance strategies.		
	My income is supplemented by a good compensation package which includes bonuses or stock based compensation.		

Spending

Today

Future

Level 1

I do not have a budget.		
I regularly spend more than I earn.		
I am not confident negotiating when buying.		
I do not feel in control of my spending, and often regret purchases after the fact.		

Level 2

I have a rough budget that I rarely use.		
I spend a similar amount as to what I earn.		
I occasionally negotiate and use price reduction tactics to make savings.		
I occasionally regret purchases after the fact, but keep the items anyways.		

Level 3

I have a budget I actively use.		
I spend less than I earn.		
I am mostly confident that I am making the right decision when I buy things, and rarely regret purchases.		
When I regret a purchase, I usually return, or re-sell the item in an attempt at getting my money back.		

Level 4

I project my budget ahead and am aware of upcoming costs likely to arise.		
I spend significantly less than I earn.		
I feel in control of my spending.		
I keep a record (and proof of purchase) for all tax-deductible expenses.		

<i>Debt</i>		Today	Future
<i>Level 1</i>	I am unable to take out loans because lenders will not lend to me.		
	I have overburdening debts that I am struggling to manage.		
	I do not know what my credit score is.		
	I do not understand interest rates.		
<i>Level 2</i>	I am able to repay my debts as they fall due, but am not in a position to overpay them.		
	I have access to a range of loans, including credit cards and mortgages.		
	I know what my credit score is, but it is low.		
	I understand interest rates, but have not made any progress on reducing mine.		
<i>Level 3</i>	I am able to overpay my debts on a regular basis.		
	The only debts I have are stable and safe (student loan, mortgage, and perhaps a bank loan).		
	I have a good credit score.		
	The interest rates I am offered on loans tend to be lower than the average because I have become a lower risk borrower.		
<i>Level 4</i>	I have little to no debt.		
	I never have a need to borrow, and could live comfortably without any loans whatsoever.		
	I have a very high credit score.		
	I use debt in a masterful way, often only in cases where I can make a greater return than the interest rate and make an overall profit.		

Saving

Today Future

Level 1

I have no savings at all.		
I do not know how to get started with saving.		
I do not understand what savings are, or how they can make me a return.		
I do not understand why I should save money.		

Level 2

I have a small amount of savings.		
My savings are kept in a savings account with my banking provider.		
I save on a regular basis, but do not have a set target, or rarely meet my target.		
I do not distinguish between my savings pots.		

Level 3

I have a complete emergency savings pot that can support me for 3 months (no dependants) or 6 months (with dependants).		
My savings are in specialised savings accounts such as a Cash ISA or a cash account.		
I understand the difference between fixed term, variable, and easy access, and save accordingly.		
I am saving on a regular basis, and often exceeding my savings targets.		

Level 4

My emergency savings pot is less than my usual expenses because I understand that my expenses in an emergency will go down.		
My savings are strategically placed in different products to maximise the return I earn.		
I regularly move my savings to seek out a better return.		
The only saving I do is to top-up my emergency pot as necessary, and the rest of my money is invested.		

<i>Investing</i>		Today	Future
<i>Level 1</i>	I have no investments to my name.		
	I have few investments to my name (either that I hold myself or someone else holds for me), but do not understand them.		
	I have few investments to my name, but I feel stressed when I think about them.		
	I do not have a private pension.		
<i>Level 1</i>	I have some investments, but if I lose the money, I will be in a difficult financial position.		
	I have investments, but do not believe in them / do not understand them.		
	I have investments but will sell them if they start to go down.		
	I have a small and growing private pension.		
<i>Level 3</i>	I have investments which I understand and believe in.		
	If my investments go down in value, I will continue to hold them because I believe in them.		
	If I lose the money which I have invested, I will not be in a difficult position.		
	I hold few types of assets / my portfolio is somewhat diversified.		
	My private pension is large enough to support me for several years.		
<i>Level 4</i>	I have a well-balanced portfolio spread across asset types.		
	I have many different investments.		
	I have both income producing and appreciating assets.		
	My private pension is large enough to grow faster than I can use it.		

Sundries

Today Future

Level 1

I do not know what happens with money when I, or someone else, dies.		
I do not understand property, or how to buy a home.		
I am not comfortable talking about money with people.		
Money scares me, and I often avoid facing my money problems.		

Level 2

I understand what happens with my estate when I die, but do not yet have a will in place.		
I understand the home-buying process and associated schemes to help me join the property ladder, but am not in a position to buy.		
I do not understand where to go or how to continue learning about personal finance.		
I understand how money and mental health affect one another, and know where to go if I need help.		

Level 3

I have a written, valid, and registered will.		
I will soon be in the position to buy my first property, or am in the process of buying.		
I understand where to go to continue learning about personal finance, and dabble in continued learning.		
I am comfortable with teaching children about money, and know how certain experiences will shape how they deal with money in the future.		

Level 4

My will has multiple executors and as well as being registered, has multiple copies.		
I am already on the property ladder.		
I am regularly learning about money and personal finance.		
I am comfortable talking about money with people, and actively encourage money-centred discussions with the people around me.		

