

FINANCIAL

LITTEACY

# HOW TO MANAGE YOUR MONEY AND BUILD WEALTH



BY DENISE GIVAN  
"THE FINANCIAL STRATEGIST"



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*"A Fresh Start  
is all you  
need.."*

DENISE GIVAN



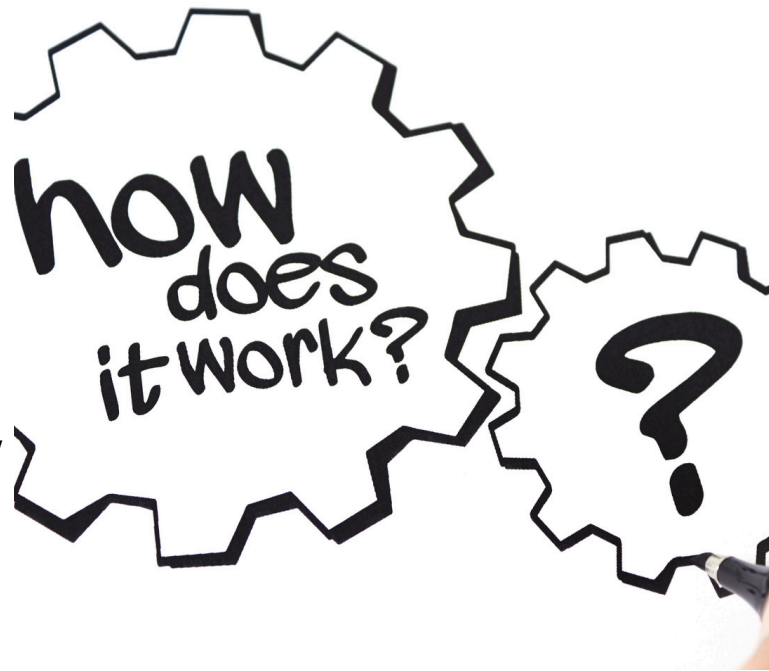
## **THE ULTIMATE GUIDE TO FINANCIAL LITERACY: HOW TO MANAGE YOUR MONEY AND BUILD WEALTH**

Financial literacy is the knowledge and skills needed to make informed and effective decisions about money. It's a critical life skill that can help you achieve financial stability, build wealth, and achieve your financial goals. Unfortunately, many people lack the necessary financial literacy to manage their money effectively, which can lead to financial stress, debt, and missed opportunities.

The good news is that financial literacy is a skill that can be learned and developed. In this e-book, we'll provide you with a comprehensive guide to financial literacy, covering essential topics such as budgeting, saving, investing, debt management, and retirement planning. Whether you're just starting your financial journey or looking to improve your financial skills, this guide will provide you with the knowledge and tools you need to succeed.

# CHAPTER 1: WHY FINANCIAL LITERACY MATTERS

**Money is an essential part of our daily lives. We use it to pay for food, housing, transportation, education, and many other things. But do we really understand how money works?**



**Do we know how to manage it effectively? Unfortunately, for many people, the answer is NO.**

Financial literacy is the knowledge and skills needed to make informed and effective decisions about money. It's not just about understanding basic math or accounting principles. It's about understanding how to manage your finances, how to make good financial decisions, and how to plan for your future.

So why does financial literacy matter? The answer is simple: financial literacy can improve your life in many ways. Here are some reasons why financial literacy is important:





## Here are some reasons why financial literacy is important:

It helps you make better financial decisions: When you have a good understanding of how money works, you're more likely to make informed and effective decisions about your finances. You'll be better equipped to manage your money, pay off debt, save for the future, and invest wisely.

**It reduces financial stress: Financial stress is a common problem for many people. It can cause anxiety, depression, and other health problems. Financial literacy can help reduce financial stress by giving you the tools and knowledge you need to manage your money effectively.**

It helps you achieve your financial goals: Whether you want to buy a house, start a business, or save for retirement, financial literacy can help you achieve your goals. You'll be able to create a plan that works for your specific situation and take steps to make your goals a reality.



**It improves your overall well-being: Financial literacy isn't just about money. It's about improving your overall well-being. When you have control over your finances, you can reduce stress, improve your relationships, and enjoy a better quality of life.**

It empowers you to make a positive impact: Financial literacy can also empower you to make a positive impact on your community. When you have the knowledge and skills to manage your finances, you can use your resources to support causes and organizations that are important to you.

Unfortunately, many people lack the necessary financial literacy to manage their money effectively. According to a recent study, nearly two-thirds of Americans can't pass a basic financial literacy test. This lack of knowledge can lead to financial stress, debt, and missed opportunities.

The good news is that financial literacy is a skill that can be learned and developed. By taking the time to learn about money management, you can improve your financial well-being and achieve your financial goals. In the following chapters, we'll provide you with the tools and knowledge you need to get started on your financial literacy journey.

# CHAPTER 2: BUDGETING BASICS

Budgeting is one of the most fundamental aspects of financial literacy. At its core, budgeting is about managing your money in a way that aligns with your priorities and values.

It's about making intentional choices about how you spend your money, so you can live the life you want while staying within your means.



- 1. Set financial goals:** The first step in creating a budget is to set financial goals. What do you want to achieve with your money? Do you want to pay off debt, save for a down payment on a house, or start investing? By setting specific, measurable goals, you'll have a clear target to aim for, which will help you stay motivated and on track.

- 2. Track your income and expenses:** The next step is to track your income and expenses. This will give you a clear picture of how much money you're bringing in each month and where it's going. There are many tools available to help you track your finances, such as budgeting apps or spreadsheets.



**3. Create a budget:** Once you have a clear picture of your income and expenses, it's time to create a budget. A budget is a plan that outlines how you'll allocate your money each month. It should include your income, fixed expenses (like rent or mortgage payments), variable expenses (like groceries and entertainment), and savings goals.

**4. Prioritize your spending:** When creating your budget, it's important to prioritize your spending. This means allocating your money in a way that aligns with your values and goals. For example, if you're trying to pay off debt, you may need to cut back on discretionary spending like eating out or buying new clothes.

**5. Stick to your budget:** Creating a budget is one thing, but sticking to it is another. To be successful, you'll need to stay disciplined and make conscious choices about how you spend your money. This may require making sacrifices or changing your habits, but the payoff will be worth it.

**6. Review and adjust your budget:** Your budget should be a living document that changes as your financial situation changes. It's important to review your budget regularly and make adjustments as needed. For example, if you get a raise at work, you may want to increase your savings goals or allocate more money towards paying off debt.





## CHAPTER 3: SAVING STRATEGIES

Setting saving goals is an important part of any saving strategy. A saving goal is a specific, measurable, achievable, relevant, and time-bound (**SMART**) target that you set for yourself to save a certain amount of money within a certain timeframe. The goal can be short-term, such as saving for a vacation or a new gadget, or long-term, such as saving for retirement or a down payment on a house.

### Here's how you can set SMART saving goals:

1. **Specific:** Your saving goal should be specific and clearly defined. For example, instead of setting a goal to "save money," set a goal to "save \$5,000 for a down payment on a house."
2. **Measurable:** Your saving goal should be measurable so that you can track your progress. Set a specific amount that you want to save and track how much you have saved so far.
3. **Achievable:** Your saving goal should be achievable based on your current income and expenses. Consider how much you can realistically save each month and set a goal that is challenging but achievable.



4. **Relevant:** Your saving goal should be relevant to your overall financial objectives. Make sure your saving goal aligns with your long-term financial goals.

5. **Time-bound:** Your saving goal should have a specific timeframe. Set a deadline for when you want to achieve your goal.

By setting SMART saving goals, you can stay motivated and focused on your savings plan. Once you have set your goals, make a plan to achieve them. This may involve reducing expenses, increasing income, or finding other ways to save money. Regularly track your progress towards your goals and adjust your plan as needed.

Remember, saving goals can change over time. As you achieve your goals or your financial situation changes, you may need to adjust your savings plan accordingly. Regularly reviewing and adjusting your goals can help you stay on track and achieve financial stability over time.



## CHAPTER 4: INVESTING PRINCIPLES

Investment principles are a set of guidelines or rules that investors can use to make informed decisions about where to invest their money. These principles are based on years of research, analysis, and experience in the investment industry. They are designed to help investors achieve their long-term financial goals and minimize the risks associated with investing.

Investment principles provide a framework for making investment decisions. By following these guidelines, investors can make informed choices about where to invest their money and how to manage their investments over time. These principles are not static and may evolve as market conditions change, but they provide a solid foundation for making investment decisions in any market environment.





## Here are some investment principles to consider:

1. **Diversification:** Diversification is a key principle of investing. By spreading your investments across different types of assets and markets, you can reduce your risk and increase your chances of earning a positive return. A well-diversified portfolio may include stocks, bonds, real estate, and other assets.
2. **Risk vs. Return:** There is a direct relationship between risk and return in investing. Investments that carry higher risk may offer higher returns, but they also have a greater potential for loss. Before investing, consider your risk tolerance and investment goals, and choose investments that align with your objectives.
3. **Long-term perspective:** Investing is a long-term game. While short-term market fluctuations can be unsettling, it's important to keep a long-term perspective and not make rash decisions based on short-term events. Over the long term, well-diversified investments have historically provided solid returns.
4. **Research and due diligence:** Before investing in any asset, it's important to conduct thorough research and due diligence. This may involve analyzing financial statements, researching market trends, and assessing the risks and opportunities of a particular investment. Only invest in assets that you understand and that meet your investment criteria.
5. **Keep fees low:** Investment fees can eat away at your returns over time. Before investing in any asset, carefully consider the fees and expenses associated with the investment. Choose low-cost investments, such as index funds or exchange-traded funds, whenever possible.
6. **Have a plan:** Successful investing requires a plan. Set clear investment goals, develop a strategy for achieving those goals, and regularly review and adjust your plan as needed. A well-thought-out investment plan can help you stay disciplined and avoid making impulsive decisions.
7. **Stay disciplined:** Emotional reactions to short-term market fluctuations can lead to poor investment decisions. Stay disciplined and stick to your investment plan, even when market conditions are volatile.



# CHAPTER 5: DEBT MANAGEMENT

Learning to manage debt is crucial for achieving financial stability, improving credit scores, saving money, achieving financial goals, and building financial security. By taking control of their finances and managing debt responsibly, individuals can create a brighter financial future for themselves and their families.



## 1. Avoiding financial stress:

Unmanageable debt can cause significant financial stress and anxiety. It can lead to missed payments, collection calls, and even legal action. By learning to manage debt, individuals can avoid these negative consequences and reduce financial stress.

## **2. Improving credit score:**

**Managing debt responsibly can improve an individual's credit score. A good credit score can make it easier to obtain loans, credit cards, and favorable interest rates. It can also be a factor in securing housing, employment, and insurance.**



## **3. Building financial security:**

**Learning to manage debt is an important part of building financial security. By managing debt responsibly, individuals can create a sustainable budget, build an emergency fund, and create a plan for achieving long-term financial goals.**



#### **4. Make regular payments:**

**Making regular payments on time is crucial for managing debt. Late payments can result in additional fees and interest charges, making it harder to pay down debt. Set up automatic payments or reminders to ensure that payments are made on time.**



**By staying committed to a debt management plan, individuals can take control of their finances and achieve their long-term financial goals.**

**Managing debt can take time and effort, but it is a crucial step toward achieving financial stability and independence.**

## CHAPTER 6: RETIREMENT PLANNING



**What is the right age to start planning for retirement?**

The right age to start planning for retirement is as early as possible. Retirement planning is a long-term process that requires careful consideration and preparation. While the specific age to start planning for retirement may vary depending on individual circumstances, there are some general guidelines to consider.

Many financial advisors recommend starting retirement planning in your 20s or early 30s. This is because the earlier you start saving and investing for retirement, the more time you have to grow your investments and build wealth. Starting early also allows you to take advantage of compound interest, which can significantly increase your retirement savings over time.



**There are several common ways to plan for retirement, including:**

- 1. Saving through a 401(k) or similar employer-sponsored retirement plan:** Many employers offer retirement plans that allow employees to save a portion of their income on a tax-deferred basis. Employers may also offer matching contributions, which can significantly boost retirement savings.
- 2. Individual Retirement Accounts (IRAs):** IRAs are tax-advantaged retirement accounts that individuals can open and contribute to independently of their employer. There are two main types of IRAs: Traditional and Roth. Traditional IRAs allow for tax-deductible contributions and tax-deferred growth, while Roth IRAs allow for tax-free withdrawals in retirement.
- 3. Investing in stocks, bonds, and mutual funds:** Investing in stocks, bonds, and mutual funds can help grow retirement savings over time. It's important to create a diversified investment portfolio that aligns with your risk tolerance and long-term financial goals.
- 4. Real estate investments:** Investing in real estate can provide a source of income in retirement through rental income or property appreciation. However, real estate investments come with risks, including market fluctuations and property maintenance expenses.



**Let's Talk about Social Security, is it the most common mode of retirement known to society?**

**Social Security is a common retirement plan in the sense that it provides retirement benefits to millions of Americans.**

**According to the Social Security Administration, nearly 65 million people received Social Security benefits in 2020, including retired workers, disabled individuals, and family members of beneficiaries.**

**However, Social Security is not a retirement plan in the traditional sense, as it is not an investment account that an individual contributes to over time.**

**Instead, Social Security is funded by payroll taxes paid by workers and employers, and benefits are based on an individual's work history and age. While Social Security can provide a source of income in retirement, it may not be sufficient to fully support living expenses, particularly as the cost of living continues to rise.**





**Therefore, it is important to have additional retirement savings and investments beyond Social Security. Saving through employer-sponsored retirement plans like 401(k)s and contributing to individual retirement accounts (IRAs) are common ways to supplement Social Security benefits and build a retirement nest egg.**



## **CHAPTER 7:**

# **FINANCIAL RESOURCES AND TOOLS**



**Financial literacy is important because it helps individuals make informed decisions about managing their money, building wealth, and planning for the future. By understanding key financial concepts like budgeting, saving, investing, and retirement planning, individuals can make smart choices about how to use their money to achieve their goals.**

**To manage money and build wealth, individuals should start by creating a budget and tracking their expenses. They should also work to pay off any debt and establish an emergency fund to cover unexpected expenses. Investing in stocks, bonds, and other assets can help grow wealth over time, and individuals should consider their risk tolerance and long-term goals when making investment decisions.**

**Planning for retirement is also important, and individuals should contribute to employer-sponsored retirement plans and individual retirement accounts (IRAs) to ensure they have enough savings to support their living expenses in retirement.**



In addition to the steps mentioned above, here are some other key strategies to manage money and build wealth:

1. **Live below your means:** One of the most effective ways to build wealth is to spend less than you earn. This means living below your means and avoiding the temptation to overspend on non-essential items. Consider ways to cut back on expenses, such as by cooking at home instead of eating out or by shopping for deals and discounts.
2. **Increase your income:** Earning more money can help you build wealth faster. Consider ways to increase your income, such as by negotiating a raise at work, starting a side hustle, or investing in education or training to increase your skills and earning potential.
3. **Diversify your investments:** Investing in a variety of assets can help spread out risk and increase the potential for long-term growth. Consider diversifying your investments by investing in stocks, bonds, real estate, and other assets.
4. **Avoid debt:** Debt can be a major obstacle to building wealth. Avoid taking on unnecessary debt, and work to pay off any debt you do have as quickly as possible. This can help reduce the amount of interest you pay over time and free up more money to invest and save.
5. **Seek professional advice:** If you're unsure about how to manage your finances or build wealth, consider seeking advice from a financial professional. A financial advisor or planner can help you create a personalized financial plan based on your unique needs and goals.

By following these strategies and consistently working to manage your money and build wealth, you can achieve greater financial stability and security over the long term.



# MONTHLY BUDGET

MONTH OF

INCOME			
DATE	SOURCE	CATEGORY	AMOUNT

BILLS & FIXED EXPENSES		
DATE	SOURCE	AMOUNT

VARIABLE EXPENSES		
DATE	SOURCE	AMOUNT

SUMMARY	
SOURCE	AMOUNT
INCOME	
BILLS & FIXED EXPENSES	
VARIABLE EXPENSES	
BALANCE	

# EXPENSE TRACKER

MONTH OF \_\_\_\_\_



# INCOME TRACKER

MONTH OF

DATE	SOURCE	CATEGORY	AMOUNT
			TOTAL

MONTH OF

DATE	SOURCE	CATEGORY	AMOUNT
			TOTAL

MONTH OF

DATE	SOURCE	CATEGORY	AMOUNT
			TOTAL

# *SMART* GOALS

WHEN SETTING GOALS, MAKE SURE IT FOLLOWS THE SMART STRUCTURE. USE THE QUESTIONS BELOW TO CREATE YOUR GOALS.

S	<u>SPECIFIC</u> WHAT DO I WANT TO ACCOMPLISH?	
M	<u>MEASURABLE</u> HOW WILL I KNOW WHEN IT IS ACCOMPLISHED?	
A	<u>ACHIEVABLE</u> HOW CAN THE GOAL BE ACCOMPLISHED?	
R	<u>RELEVANT</u> DOES THIS SEEM WORTHWHILE?	
T	<u>TIME BOUND</u> WHEN CAN I ACCOMPLISH THIS GOAL?	



# DAILY PLANNER

*date*

M TU W TH F SA SU

TO DO

GOALS

INTENTIONS

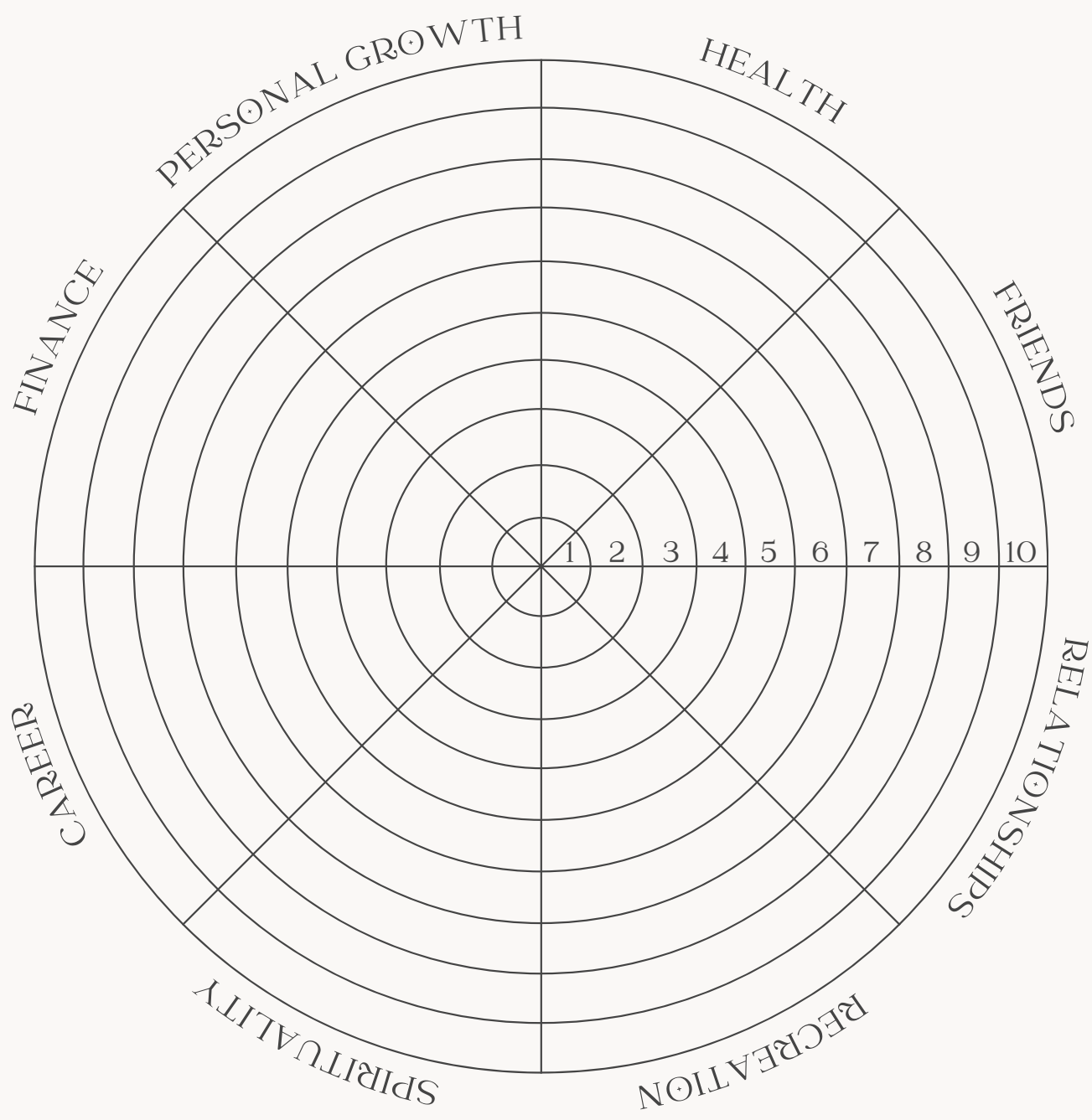
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WHEEL OF

LIFE

THE WHEEL OF LIFE IS A GREAT TOOL THAT HELPS YOU BETTER UNDERSTAND WHAT YOU CAN DO TO MAKE YOUR LIFE MORE BALANCED. THINK ABOUT THE 8 LIFE CATEGORIES BELOW, AND RATE THEM FROM 1 - 10.



**THANK YOU FOR YOUR  
SUPPORT !**

**"NO FAMILY LEFT BEHIND"  
FINANCIAL LITERACY  
CRUSADE**



**CONTACT ME:**



Phone

832-219-7799



Website

[www.coachme2life.com](http://www.coachme2life.com)

