



FinancialCoach.money

2024

# **ELEVATE YOUR FINANCES:**

## THE ESSENTIAL GUIDE TO ACHIEVING LASTING FINANCIAL WELL-BEING

---

One thing is making money and another is keeping it!  
Budget, Save, Invest, and Enjoy!

# WELCOME MESSAGE

---

## Ana Arboleda

Owner



Hello, I'm Ana, and I'd love to share a bit about my journey. As a dedicated city employee with ambitious dreams, I've always believed in the power of hard work to turn dreams into reality. Despite exploring over 50 countries and countless cities across every continent (except Antarctica, for obvious reasons), I never took my finances as seriously as I should have.

While excelling in making money, I struggled with managing and preserving it. Balancing my fulfilling job with my passion for trading, I experienced the perks of traveling, dining at incredible restaurants, and making cherished memories. However, during this adventure, I overlooked the importance of financial stability and found myself carrying debts despite my successes.

Marriage, the impact of COVID, and the impending arrival of kids were a wakeup call that prompted me to shift my focus. Although government employment typically offers retirement benefits, life's unexpected twists necessitated a rethink. I decided to step back from trading and embraced a new approach: investing in my family, securing our future, creating lasting memories, and becoming a financial coach.

Realizing that we essentially trade our time for money, I understood the urgency to plan for a better tomorrow. The transition from trading to investing marked a pivotal moment, not just for myself but for my family's future. Recognizing that financial understanding isn't solely about the present and future but also about laying the groundwork for the next generation, I set out to create a legacy. It's a future where our children grasp the principles of managing money, preparing them for a bright and secure tomorrow.

Allow me to share the lessons I've collected from a series of missteps—a journey marked by mistakes, lack of knowledge, wavering discipline, succumbing to peer pressure, and navigating unforeseen events.



# INTRODUCTION

---

## **Welcome to Financial Wellness**

Welcome to “Elevate Your Finances: The Essential Guide to Achieving lasting Financial Well-Being”. This booklet is designed to be your comprehensive resource for achieving financial well-being and securing your future. In these pages, we’ll explore the essential aspects of financial planning and how a financial coach can be your trusted partner on this journey if needed.

## **The Role of a Financial Coach**

Financial wellness is not just about having money; it’s about knowing how to manage it wisely. A financial coach plays a pivotal role in helping individuals and families navigate the complexities of personal finance. Whether you’re planning for retirement, investing for the future, or protecting your assets, a skilled financial coach can provide guidance tailored to your unique goals and circumstances.

As you delve into the pages ahead, you’ll discover the importance of setting clear financial goals, building and managing wealth, optimizing your tax strategy, and securing your legacy. We’ll explore various investment strategies, look into retirement planning and the world of asset allocation.

This booklet serves as a valuable reference, offering insights, tips, and my personal advice to empower you to make informed financial decisions. By understanding the principles of financial wellness and leveraging the expertise of a financial coach, you can embark on a path toward greater financial security, peace of mind, and a brighter financial future.

Take the reins of this guide, and you'll find your way smoothly. However, should you desire extra support, feel free to reach out for a personalized, one-on-one session. Now, let's embark on this journey to financial wellness together.





# TABLE OF CONTENTS

1. Budget
2. Emergency Fund
3. Pay Off All Debt  
*(Except Mortgage)*
4. Compound Interest
5. Retirement  
*(Investing)*
6. Investment Accounts
7. Why invest?





# 1 BUDGETING

Your financial journey starts with understanding your monthly cash flow. While the term 'budget' may evoke reluctance, it's an essential task. The reality is, you're already managing your money—whether actively or passively. Taking control of this process is the initial stride toward financial wellness. Numerous free and user-friendly budgeting templates are available online or you can use ours. Embracing this crucial step empowers you to determine how your finances are handled, ensuring you're not merely paying bills but actively steering your financial ship.

Explore the variety of simple budgeting templates available online to kickstart this pivotal aspect of your financial well-being. Here is our budgeting template, but again you can download any template.

## Expenses / Budget Worksheet

DEBT PAYMENTS (10% of)							
	Credit Card 1	Credit Card 2	Credit Card 3	Credit Card 4	Credit Card 5	Credit Card 6	Total
Total Debt							0
APR %							-
Minimum payment							0

	Car Loan 1	Car Loan 2	Car Loan 3	Total
Total Debt				0
APR %				-
Minimum payment				0

	Personal Loan 1	Personal Loan 2	Personal Loan 3
Total Debt			
APR %			
Minimum payment			

	Student Loan 1	Student Loan 2	Student Loan 3
Total Debt			
APR %			
Minimum payment			

	Medical Bill 1	Medical Bill 2	Medical Bill 3
Total Debt			
APR % / Fees			
Minimum payment			

INCOME		ACTUAL
Pay check 1		
Pay check 2		
Paid Detail / Side Gig		
*Spouse / Partner check 1		
*Spouse / Partner check 2		
Spouse / partner other income		
TOTAL INCOME		

FIXED COSTS (60% of Income)		ACTUAL
Mortgage/Rent		
Utilities - Gas		
Utilities - Water		
Utilities - Electricity		
Utilities - Cable		
Utilities - Internet		
Insurance - Auto		
Insurance - Home/Renters		
Insurance - Medical		
Payments - Cellphone		
Payments - Child Care		
Food		
Gas / Toll		
Subscriptions - Gym		
Subscriptions - Netflix		
Subscriptions - Hulu		
Subscriptions - Amazon		
Subscriptions - Meal services		
Other		
Other		
Other		
Other		
FIXED COSTS TOTAL		

DEBT PAYMENTS (10% of Income)		ACTUAL
Car Loans		
Medical bills		
Credit Cards		
Personal Loans		
Student Loans		
INVESTMENTS TOTAL		

INVESTMENTS (10% of Income)		ACTUAL
Mutual Funds		
Stocks		
Crypto		
Real Estate		
Other		
Other		
INVESTMENTS TOTAL		

SAVINGS GOALS (5% of Income)		ACTUAL
Emergency Fund		
College Fund		
Gifts		
Vacation / Travel		
INVESTMENTS TOTAL		

MINDFUL SPENDING (12% of Income)		ACTUAL
Dining out		
Movies		
Party / Drinks		
Anything you want		
Anything you want		
Anything you want		
Anything you want		
INVESTMENTS TOTAL		



# 1 BUDGETING

As you navigate this stage, transparency with yourself is key. Identify opportunities to channel funds into an emergency fund—a vital next step. Explore avenues to cut back, such as reassessing subscriptions, negotiating bill rates, or selling unused items. Concurrently, as you dissect your budget, assess the extent of your debts, be it from a car loan, student loan, or credit card. Note the APR for each, laying the groundwork for future steps in addressing and managing these debts.

Upon recognizing potential savings in areas deemed non-essential or considering additional shifts to boost income, you can proactively contribute towards building your emergency fund. This deliberate approach allows for a more focused and effective strategy in securing financial stability for unforeseen circumstances.



## 2 EMERGENCY FUND

The purpose of an emergency fund is to serve as a financial buffer during unforeseen and unexpected crises, ranging from a sudden car repair or unexpected medical bill to a household appliance malfunction, home-related issues, a loss of income, or even the need to replace a damaged phone. These unplanned expenses have a tendency to arise at inconvenient moments, often creating a domino effect of challenges. To prepare for these unforeseen events, it's advisable to aim for an emergency fund equivalent to 3 to 6 months of living expenses (2 incomes - 3 months, 1 income - 6 months). This ensures a robust safety net, allowing you to navigate unexpected twists with financial resilience. This commitment to an emergency fund becomes the cornerstone of achieving financial wellness, offering security and stability for you and your family in the face of unforeseen challenges. As of January 2023, a concerning 57% of Americans cannot afford a \$1,000 emergency expense. By prioritizing your emergency fund, you proactively work against becoming a statistic, ensuring your financial resilience in the unpredictable landscape of life.

Ensure that your emergency fund is strategically placed in a high-yield savings account. This choice safeguards your savings against the erosive effects of inflation, maximizing the potential growth of your emergency fund over time. Selecting a high-yield savings account can help your money retain its value and purchasing power, reinforcing the long-term effectiveness of your financial planning.





# 3 DEBT

Recall the importance of documenting all your debts and APRs during the budgeting phase. Now, with this information laid out in front of you, it might feel overwhelming, but take a deep breath. Acknowledge that you're actively working to confront and overcome this challenge. Ignoring debt is a choice, but debt itself doesn't remain static—it grows. So, let's face this financial challenge head-on.

There are two proven strategies to tackle debt: the snowball method and the avalanche method. The "snowball method" involves paying off the smallest of your loans as quickly as possible, while the "avalanche method" directs attention to the loans with the highest interest rates first.

The choice between these methods depends on your personality and your relationship with money. Whether you opt for the snowball or avalanche method, commit to it and work diligently toward achieving a debt-free status. Remember, every step you take brings you closer to financial freedom.





# 4 COMPOUND INTEREST

Before delving into the intricacies of various retirement and investment accounts, it's crucial to grasp the concept of compound interest. This fundamental aspect of managing your finances becomes a powerful ally once understood. According to Investopedia, compound interest is defined as "the interest on savings calculated on both the initial principal and the accumulated interest from previous periods." In simpler terms, it's the interest you earn on both your original investment and the interest that has already been added to it

This phenomenon acts like financial magic, increasing your wealth and allowing you to earn money while you sleep. When it comes to compound interest, time is not your enemy; it's your friend. The earlier you start leveraging the power of compound interest, the more it works in your favor. To illustrate, consider the following example: .

## Compound Interest Calculator

### Compound Interest Calculator

How much do you have saved currently?

\$ 0

How many years will you save for?

30

What's your rate of return?

4

%

How much extra will you contribute?

\$ 500

How often will you contribute?

Per month

How often will your interest compound?

Compound annually

Calculate

Your estimated savings

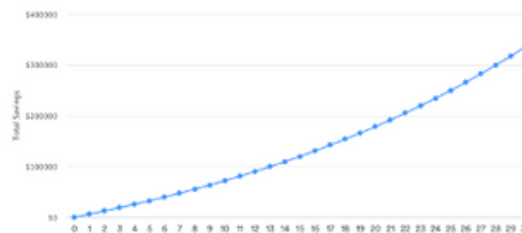
**\$336,509.63**

Total amount contributed

**\$180,000.00**

Total interest

**\$156,509.63**



Regular Savings: Save \$500/month for 30 years = \$180,000  
High-Yield Savings: Save \$500/month for 30 years in an account that has 4% rate of return = \$336,509



# 4 COMPOUND INTEREST

Keeping money in a traditional savings account at your average bank can lead to the erosion of its value over time due to inflation, especially when the interest rates offered are minimal, often around 0.01% APY. In contrast, opting for a high-yield savings account, which typically offers a significantly higher APY ranging from 4.00% to 5.00%, can be a far more lucrative option. Exploring alternatives beyond your local bank can open up a range of possibilities for better returns and more effective wealth preservation. It's crucial to be proactive in seeking out financial institutions or accounts that provide higher interest rates to counteract the impact of inflation on your savings. (See the example above )





# 5 RETIREMENT (INVESTING)

Now that the concept of compound interest has unveiled its magic, you're likely feeling motivated to channel your efforts into investing, either through a retirement account or independently, depending on your employment situation. Let's explore some of the most popular and widely used types of retirement accounts. Keep in mind that the availability of these accounts may depend on your employer or your status as a self-employed individual. Additionally, I've included information on various children's accounts, enabling you to initiate the journey of building generational wealth and planning for a brighter future for your children.

## **Employed Based Accounts**

1. 401(K) & Roth 401(K)
2. 403b & Roth 403b
3. 457 & Roth 457
4. Traditional IRA & Roth IRA

## **Self-Employed Based Accounts**

1. 401(K) & Roth 401(K)
2. Sep IRA
3. SIMPLE IRA

## **Children Accounts**

1. Custodial IRA & Roth IRA
2. 529
3. UGMA/UTMA





# 6 INVESTMENT ACCOUNTS

## Investment Accounts

Now, let's review each retirement investment option, including who they are offered to and their differences/advantages, to help you determine where to start investing for your retirement.

### 1. 401(k):

- Offered by most private sector employers. Provides immediate tax benefits, tax-free growth, and often includes an employer match.
- Contributions are deducted from your paycheck before federal income taxes, reducing your taxable income. Pre-tax contributions are taxed when you withdraw the money.
- Roth 401(k) contributions are made after deductions, offering no immediate tax benefit, but withdrawals are tax-free. For 2024, the maximum combined contributions for 401(k) and Roth 401(k) are \$23,000.

### 2. 403(b):

- Offered by public schools and some non-profit organizations.
- Similar to a 401(k) with tax-deductible contributions, tax-free growth, and the option of a Roth IRA. May include an employer match and various catch-up contribution limits.
- Roth 403(b) provides no immediate tax benefit but allows tax-free withdrawals.

### 3. 457

- Offered to most state and local government employees.
- Operates similarly to a 401(k) with comparable advantages.



# 6 INVESTMENT ACCOUNTS

## **4. Traditional IRA:**

- Works similarly to a 401(k) but is opened by individuals through a brokerage or bank.
- Offers more investment options than 401(k)s but allows lower annual contributions.

## **5. Simplified Employee Pension (SEP) Plan:**

- Allows business owners to contribute to their employees' and their own retirement savings.
- Contributions go to an Individual Retirement Account or Annuity (IRA) for each participant.

## **6. SIMPLE IRA Plan:**

- Provides small employers with a simple method to contribute to employees' and their own retirement savings.
- Allows salary reduction contributions by employees and requires matching or nonelective contributions by the employer.

## **7. Custodial IRA:**

- An account held by a custodian (usually a parent) for a minor with earned income.
- Custodian manages assets until the child reaches age 18 (or 25 in some states).

## **8. 529 College Savings Plan:**

- Similar to a Roth 401(k) or Roth IRA, invests after-tax contributions in mutual funds, ETFs, etc.
- Grows tax-deferred, and withdrawals are tax-free for qualified higher education expenses.

## **9. UTMA/UGMA Custodial Account:**

- A flexible investment account for minors, controlled by an adult custodian.
- Assets transfer to the minor at the age of majority, providing savings and investment flexibility, regardless of college attendance."



# 7 WHY INVEST?

Now that you've seen the different types of accounts and understand what applies to your situation, as well as why you need to invest, let's talk about the reasons to invest. As discussed above, investing is crucial due to compound interest and the potential for a 10-12% return in the stock market. It's advisable to maximize your contributions to retirement accounts, not only for immediate tax breaks but also for long-term tax savings.

By maximizing your contributions to retirement accounts, you gain more advantages. The more you contribute, the greater the savings and earnings through compound interest. Remember, time is our friend in investing, so starting early yields more significant returns.

Once you've decided to max out your retirement account, the next question is what to invest in. It's essential to allocate your money wisely, considering factors such as return rate, low management fees, and diversification. Your employer's chosen investment options may vary, but you can find products under investments and research or fund information. Alternatively, you can create your portfolio based on your age and retirement plans, or opt for a target-date (pre-arranged) fund, which is the easiest way to invest.

A target-date fund, chosen based on your current age or expected retirement year, is professionally rebalanced and consists of a mix of assets. These typically include Stable Income Fund, Bond Index Fund, Equity Index Fund, Mid-Cap Equity Index Fund, International Equity Fund, and/or Small-Cap Equity Fund. The percentages within each category vary based on your age and retiring age, with the idea that they change as you get older. This fund simplifies the investment process and adjusts risk levels as you age, making it a straightforward choice, although not always the most lucrative.





# 7 WHY INVEST?

The second option is creating a diversified portfolio of your own. Within your retirement account, you can craft a profitable, diversified, and rebalanced portfolio. Rebalancing involves ensuring that the percentages you set for yourself align every year. For instance, if you aimed for 70% in stocks, 20% in international, and 10% in bonds, check annually and adjust as needed due to market fluctuations.

When managing your portfolio, consider looking into the S&P 500. All types of retirement accounts offer funds linked to the S&P 500. This stock market index measures the performance of 500 of the largest publicly traded companies in the U.S., providing diversification and reducing the risk significantly. While there's always a risk in investing, choosing the S&P 500 minimizes it considerably.

In conclusion, navigating the world of investments and retirement planning involves understanding the different account types, recognizing the importance of investing, and making informed choices about where to allocate your funds. Whether opting for the simplicity of a target-date fund, professionally rebalanced and tailored to your age and retirement goals, or taking the hands-on approach of crafting a diversified portfolio, the key lies in strategic decision-making. Both options offer unique benefits, with the former providing ease and risk management, and the latter allowing for a more personalized and hands-on investment strategy. Additionally, exploring the S&P 500 as part of your portfolio offers a reliable and diversified investment option, reducing overall risk in the unpredictable world of financial markets. Ultimately, taking proactive steps towards a well-managed retirement fund is a crucial aspect of financial planning, providing a foundation for a secure and prosperous future.

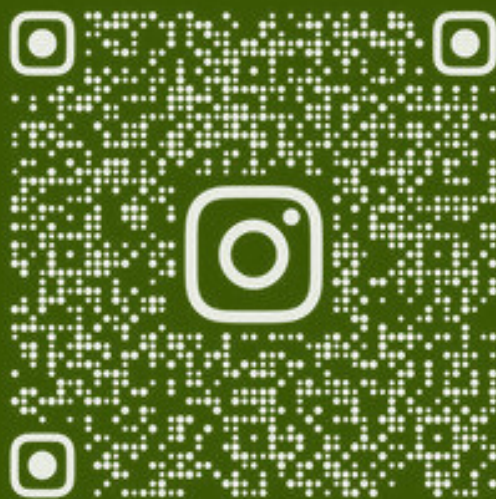




# DISCLAIMER:

*Any product mentions made or recommendations provided by FinancialCoach.money and Ana Arboleda are made solely in the author's opinion and do not constitute professional financial or legal advice. All content is for educational purposes only.*

Follow for more financial tips!



@FINANCIALCOACH.MONEY







# LET'S WORK TOGETHER

---

Ana Arboleda



FinancialCoach.money