



 **INTEGRATED FINANCIAL GROUP**  
A CONSORTIUM OF INDEPENDENT FINANCIAL PLANNERS

## 9 Steps to Becoming a **Financially Empowered Woman**

## Hello Financially Empowered Woman!

Thank you so much for signing up to the FEW community and downloading this free e-book: **The 9 Steps to Becoming a Financially Empowered Woman**

I'm thrilled to see you're part of the growing community of strong, intelligent, empowered women taking control of their financial futures.

My mission is to help women just like you become financially wise so they can have the freedom and power to use their money to live a life they truly love. I believe getting the right financial education is a great first step toward becoming financially wise and I hope that this e-book provides you with lots of tips and tools to help you on your financial journey.

Cheers to becoming a Financially Wise Woman!

Kevin Garrett, AWMA, CFS Partner,  
Integrated Financial Group

*P.S. Make sure to like our channel on  
Facebook, follow me on LinkedIn, Twitter,  
and subscribe to my YouTube channel.*





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## STEP ONE

### Know Where You Come From Financially

Know your **money history**, **money personality** and **money values**. All of these things shape how you make financial decisions today, so take the time to discovery what they are.

Start by uncovering your **history with money**.

Here are some questions to answer:

- **What were you told about money growing up?**
- **Did your parents give you money advice, or were the finances kept a secret?**
- **Were your parents savers or spenders?**
- **Were your parents able to reach their financial goals successfully, or did they struggle to make ends meet?**

**What is your own money personality?**

- **Are you a saver or a spender?**
- **A hoarder or avoider?**

If you know your money personality, you can emphasize your financial strengths and work on your financial weaknesses. It's also beneficial to explore and define the role money plays in your own life. What do you want from money?

**That is, what are your money values?**

- **Freedom?**
- **Security?**
- **Peace of mind?**

Money can mean a lot of different things to different people. Understanding your own money values will make it easier to develop a financial plan that focuses on these values and provides meaning in your life.



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### STEP TWO

## Know Where You Currently Stand Financially

Take inventory of what is going on in your current financial life.

## Take Inventory of what's going on in your financial life.

Here are some examples of what to review:

- **Income**
- **Expenses**
- **Credit score**
- **Credit report**
- **Insurance coverage**
- **Cash accounts**
- **Retirement accounts**
- **Other investment accounts**
- **Debts- personal, student loans, mortgage, credit cards, etc**
- **Estate planning documents**

There are a lot of individuals who have no idea what is going on in their financial lives. Unfortunately, putting your head in the sand when it comes to your finances is not going to help you on your journey toward becoming a Financially Wise Woman.

Often, we don't take time to understand what's going on financially because we're ashamed at how bad it may be. However, no matter how bad your financial situation is, you can always make it better—but it is essential to see in black and white where you currently stand in your financial life.

**Studies show that 90% of women will have to make financial decisions at some point in their lives.<sup>1</sup> Women are choosing to stay single, we live longer and the divorce rate is high.**

So if you know there's a high probability that at some point in your life you will have to make your own financial decisions, why not start becoming educated now so you can feel more comfortable when that time comes?

**Schedule a money date with yourself and review everything you currently have going on in your financial life. Once you know where you stand financially, you'll be in a better position to start planning for your financial future.**

SOURCES:

1. Bodnar, Janet, Money Smart Women, Kaplan Publishing, 2006.



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## STEP THREE

### Know What You're Trying to Achieve Financially

I believe that in order to become financially successful, you need to create a financial plan centered on your personal values, principles and the vision you have for your life.

A good question to start with is:

**“Imagine you had all the time and money to do anything you wanted to in life. What would you do?”**

It’s a big question--but once you’ve defined the vision for your life, you can create financial goals centered on that vision. This will ensure that your financial goals have meaning.

It’s important to remember that when creating goals, make them as specific as possible and then write them down. Studies have shown that Individuals who write down their goals are more likely to achieve them—just by writing them down!

A helpful acronym to use to ensure your goals are specific is “S.M.A.R.T.”

- **Specific**
- **Measurable**
- **Attainable**
- **Relevant**
- **Timely**

For example, if your goal is to buy a home, your **S.M.A.R.T.** goal might look like this:

- S** I want to save for a home down payment.
- M** I will put \$500 per month into my home fund.
- A** By saving \$500 a month, I will reach this goal in five years.
- R** I want to buy a home because it is part of my overall life vision.
- T** I would like to have the down payment saved within five years

**Finally, take action toward your goal within 90 days. This will ensure you stay committed to your plan and that you don’t procrastinate. Remember: You are the driver of your life. Align your financial goals to what’s important to you.**



# 4

## STEP FOUR

### Become a Master of Your Cash Flow

Mastering your cash flow is an essential part to achieving financial success. The purpose is to ensure that you're living within your means and saving for your financial future.

## Steps to becoming a master of your cash flow:

1. **Start by calculating your total monthly income or cash inflow.**
2. **Next, calculate your total monthly expenses or cash outflow.**
3. **Break up your expenses into categories:**
  - a. **Fixed expenses** - Such as your mortgage, rent, utilities, car payment, etc.
  - b. **Savings** - Think of your savings like another bill. You should try to save before you spend any money on variable expenses.
  - c. **Variable expenses** - Such as dining out, hobbies, entertainment, etc.
4. **Finally, subtract your expenses from your income. Once you do this, you will have one of the following outcomes:**
  - a. **Surplus** - Congrats!  
Now you can either save more or spend more.
  - b. **Break-even** - Nice work!  
You actually want to break even every month since you're already accounting for your savings with this formula.
  - c. **Deficit** - You've got work to do!  
You can either make more money or spend less money. Your choice, but something has to change.

If you're having trouble with your cash flow, track your expenses for 90 days. Keep a notebook and pen in your purse and every time you spend money, whether it's cash or card, write down how much you spent and what you spent it on. Then review your spending diary to determine what areas you want to cut back on, if needed. For example, if you find you're spending \$500 per month on dining out and entertainment, yet not saving at all, this may be an area you decide to cut back on.

I'm a big believer in living for today, but I also believe you need to save for the future. Remember: Deciding what you want to cut back on is your choice, but it's a choice that has to be made.

If you are self-employed, work the formula backwards. For example, if you have \$3,000 per month in fixed and variable expenses and want to save \$500 per month for your various financial goals, you will need \$3,500 in net income per month.

**Make sure you re-evaluate your cash flow on a regular basis. As your life changes, so does your cash flow. Remember, mastering your cash flow is not an easy thing to do, but it helps ensure you're living within your means and saving for your financial goals--an important aspect of becoming a Financially Wise Woman.**



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## **STEP FIVE** Build a Cash Cushion

Also known as an emergency fund, your cash cushion will be there to help you when life's unexpected expenses arise.

Typically you want a cash cushion of 3-6 months of your committed expenses. If you're self-employed or a business owner, you may want a cash cushion of 6-12 months of your committed expenses.

## Why is a cash cushion so important?

Having a cash cushion helps protect you against life's uncertainties. For example, let's say you lose your job and it takes a few months to find another. During this time, you still have to pay your bills. If you have an adequate cash cushion, you can pay your bills on time while not incurring any debt or tapping into long-term investments.

Also, keep in mind that having a cash cushion is important when you're working on debt reduction. Some people allocate all excess cash flow to debt payments as a way to pay off their liabilities faster. However, they don't have a cash cushion. This strategy easily becomes a catch-22.

If these people don't have a cash cushion, the next time a short-term emergency comes up, they won't have cash to fall back on and may have to use the same debt instrument they were working so hard to pay off. So when working on debt reduction, make sure you're saving at the same time and building up your cash cushion.

**Work on building up your cash cushion. It may take a few years, but even saving \$50 per month is a great first step.**



# 6

## STEP SIX

### Protect Yourself Against the Unexpected

As you build your financial foundation and work toward saving for your financial future, you need to protect yourself and your assets along the way. As much as you may like to think nothing bad will ever happen, the reality is that sometimes it does. And if and when it does, you'll surely be glad you had the right insurance coverage in place to protect you.

Insurance is the glue that holds everything in your financial picture together if an unexpected catastrophic event occurs.

So what type of insurance do you need? Well, it depends on what life stage you're in, but here are some common types to review:

- **Health insurance**
- **Auto insurance**
- **Home/renter's insurance**
- **Disability insurance**
- **Life insurance**
- **Long-term care insurance**
- **Umbrella insurance**
- **Business insurance**

Make sure to review your insurance needs on a regular basis to identify any gaps and confirm you don't have too much insurance. (Yes, there is such a thing as being over-insured!) You don't want to have to pay for insurance you may not need.

**Review your insurance coverage today and confirm you have the proper coverage in place based on your current financial situation and financial goals.**



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**STEP SEVEN**

**Make Investing a Top Priority**

You may be wondering, what is investing all about? And why can't I just leave all my money in my savings account?

Investing allows you a way to grow your money over time, and allows your money to work hard for you while you work hard for it. Investing also helps fight against inflation--that nasty little thing that erodes the purchasing power of the dollar over time.

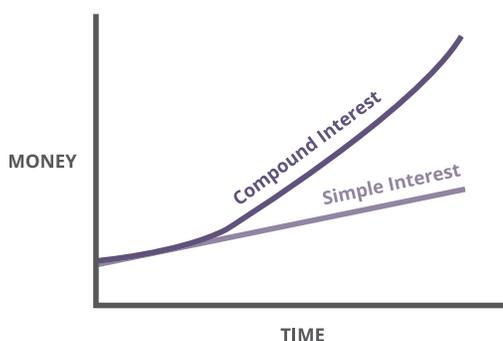
For example, inflation averages about 3-4% per year in the United States. So, if you have \$100 today, that same \$100 may not be worth the same 10 years from now due to inflation.

Investing in stocks, bonds and real estate, which historically have the potential for higher return rates than inflation, will help preserve the value of your money and give you the potential to grow your money faster than the rate of inflation.

## The reason? **Compounding interest.**

Compounding interest grows your original investment and also grows any gains on that investment.

In the beginning it may not seem like a huge difference, but over the course of 10, 20 or 30 years, you really start to see the magic behind compounding interest.



The earlier you start to invest, the more time you have to allow compounding interest to work in your favor. You either have time or you have money, and the more you have of one, the less you need of another.

**Because investing can be somewhat intimidating, I encourage you do some homework and learn the basics of investing. Also, consider working with a financial professional who can help educate you on your investment options.**

#### DISCLOSURE:

No investment strategy assures success or guarantees protection against loss. Investing in stocks, bonds and real estate involves risk, including loss of principal. Past performance is no guarantee of future results.



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## **STEP EIGHT** Raise Your Tax Knowledge

Oh, the joy of taxes! Although none one really likes paying taxes, they are one of the few certainties in life. So instead of cringing every time you hear the word, learn the basics of taxes and make sure you're incorporating tax strategies into your overall financial plan.

Here are a few tax strategies for you to review with your tax professional:

### **Strategy # 1: Contribute to your retirement plan.**

If you're employed, you can elect to contribute to your employer retirement plan, typically a 401k or 403b. The contributions you make into a 401k or 403b are tax deductible, grow tax deferred and taxes are owed on any withdrawals you take from your account after age 59 ½. If you're self-employed you can contribute to a traditional IRA, SEP IRA, Simple IRA, or individual 401k.

If you are unemployed, consider having your spouse fund a spousal IRA for you. This helps ensure you're saving for your retirement even when you are out of the workforce--which, for women, is very important.

### **Strategy # 2: Save into a Roth IRA to provide tax-free dollars in the future.**

A Roth IRA or Roth 401k works in opposition to a traditional IRA or 401k. The contribution you make into a Roth IRA is not tax deductible today, but it grows tax deferred and is not taxable when you withdraws your money after age 59 ½ (certain rules apply, so make sure you know the details of a Roth IRA). Roth IRAs do have income limits, but as long as your income permits, consider saving into a Roth IRA. Many employers are now offering Roth 401k contributions, which do not have income limits, so you'll want to analyze whether this is something that is right for you.

### **Strategy # 3: Work with a tax professional.**

The tax code is very complex. To ensure you're maximizing all the tax deductions, credits and strategies available to you and your specific situation, you'll want to work with a trusted professional who can help you with your options.

**Keep in mind that understanding taxes and how they fit into your overall financial strategy is very important and, at the end of the day, you are the one responsible for raising your own tax knowledge.**



# 9

## **STEP NINE** **Build a Support Group of Financially Empowered Women**

As you work on becoming a Financially Empowered Woman, remember that you're not alone and consider creating a support group. Having the proper guidance and encouragement around you is important and can help you stay motivated along the way.

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Your support group doesn't have to be comprised of only financial professionals; your spouse, family, friends and colleagues can all be a great support group on your journey toward becoming financially wise.

Other professionals you might need on your team include a CPA, banker, mortgage broker and insurance broker. And of course, when hiring financial professionals, it is important to find someone you can trust and feel comfortable with.

Last but not least, for all you parents out there: Start to talk with your kids about money. You can help give them the financial education they need to become financially savvy adults later in life. You can start with what you've learned so far and incorporate that into the family money discussions moving forward.

**Let's all work together to create a world of Financially Empowered Women and become an inspiration to those around us, helping to strengthen the relationship between women and money!**

## Thanks for reading the 9 Tips to Becoming a Financially Empowered Woman e-book!

Now it's time to get started in financial planning!

Contact me today to schedule your FREE 30-minute Discovery Phone Session.

Email [kgarrett@intfingroup.com](mailto:kgarrett@intfingroup.com) or call (770) 353.6311.

Kevin Garrett, AWMA, CFS  
Partner



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