

money
under 30

Richer By the Week

A simple 5-day plan to take control
of your money and your life

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It's not about the money!

Introduction

Hey guys, here's the deal: living a "rich" life is not about money.

Whatever issue brought you here—the desire to control your spending, get out of mounting debt, finally start saving, overcome a fear of investing, or to take a leap towards accumulating millions—has little to do with money and everything to do with who you are: your personality, your environment, your friends.

I could give you 800 pages on the mechanics of personal finance—how to budget, pinch pennies, use snowball techniques to pay down debt, and perfectly allocate your retirement portfolio for age and risk tolerance.

Most of you wouldn't read it.

Why would you? That stuff's boring as hell.

Let's face it, some of you would read it and continue your existing financial behavior; just because I read Men's Health doesn't mean I have 8% body fat and six-pack abs. (Don't you wish it were that easy!?)

The harsh reality is, maybe 5% of you would apply some of it successfully, at least for a little while, just like I hit the gym for a few days a week on and off all year, but have yet to put in the truly grueling work it takes to truly shed my love handles.

If this is what you're after—long-winded explanations of personal finance principals so basic they are unchanged since Biblical times—I'll give you a few books to read (see the appendix on further reading). But, for the most part, that's not what you'll find here.

This workbook is about helping you to:

1. Examine your values and biases.
2. Identify your needs; prioritize your wants.
3. Simplify your finances and put them on autopilot.
4. Identify the single most important financial goal in your life.
5. Attack the goal with everything you've got; repeat step 4.

Values? Why Bother With That Stuff?

Money is a means to an end.

You need \$500 to pay rent next month. You want \$269 to fly to L.A. for a long weekend to visit a friend.

Point is, nobody gets up and goes to work in the morning just to watch their bank account balance go up every two weeks. We go to work to get the stuff money can buy.

On a basic level, money puts food on our tables and clothes on our back. But once we have fulfilled these needs, the money we continue to accumulate can provide us with a few things:

1. The ability to acquire things we want.
2. The ability to make investments and accumulate interest.
3. The freedom of choice. (For example, if you work for a year and save enough money to fulfill your basic needs for two years, you now have the choice to not work next year.)

So if you're serious about becoming wealthy, living a richer life, or simply finding peace with money, you need to be able to say for certain what's valuable to you and what's not.

In other words:

- What do you want to do with your money?
- And how much do you need?

What To Expect: Days 1 and 2

The first two days of this workbook will focus on these “softer” sides of personal finance, but I guarantee these are the most important.

Behind every personal decision you make with your money is human emotion.

When you can learn to understand and control that emotion, you can learn to save money on things you don't value and have more money for things you actually want.

There are no right or wrong answers and no fancy scoring formula that's going to magically diagnosis your money problems. Each question is designed to get you **think about your relationship with money** in an entirely new way.

What To Expect: Day 3

On Day 3 you will shift gears and begin to take specific steps to change your finances. You will:

- Draw a map of your financial accounts.
- Close accounts that unnecessarily complicate your map.
- Put certain aspects of your finances on auto-pilot.

Thinking and worrying about money on a daily basis contributes very little to happiness. Having money may be part of a rich lifestyle; worrying about that money certain is not.

That's why the most successful people I know spend an hour a month or so managing their finances because everything is on auto-pilot.

Not everybody can go to this extreme overnight, but on Day 3, I'll help you get started and show you the path to worry-free financial automation.

What To Expect: Days 4-5



The last two days are about putting your values and dreams to work; you will create and prioritize financial goals and then act.

On Day 4, you will:

- Create a list of your financial problems.
- Create a list of financial dreams.
- Prioritize those problems and dreams.
- Create your Pay Plan, a list of 5 actionable ways to address solving your problems and working towards your dreams.

On Day 5 you will select the #1 most important item on your Pay Plan and get to work crossing it off the list.

How To Get The Most From This Workbook

I can't be there to kick you in the pants, so you will only get out of this workbook what you put in.

If you're like me, it's easy to dream, it's difficult to *do*.

So make a commitment right now to spend 20 minutes a day for the next 5 days using this workbook. If you can't do that, don't bother. I can't help you right now.

Secondly, I have included instant action items with a few day's exercises. Do these! I guarantee the steps in each will make/save you a couple hundred bucks alone.

Finally, if you have suggestions for how this tool could be better please let me know at editor@moneyunder30.com or take the quick survey at the end.

Good luck!

[Money]...is a good servant but a bad master.

-Alexandre Dumas-



Day 1: Examine Your Values

What do you enjoy about life?

Good food? Travel? Luxury clothes?

There are probably some things that you really like to spend money on. Chances are, however, that the things you want to spend your money on won't be the same things I want to spend money on.

We value different things. Therefore, we value money differently.

Adopting a one-size fits all approach to valuing money is dangerous...it leads to buying things to impress others or to "keep up" sometimes even if you can't afford to do so.

Today, we're going to take a first step in avoiding this trap by writing down our values and how they apply to money.

1. Think carefully and honestly about what you value most in life. List a few things that you value highly, and if you have many, circle the top two. Your list may include items, people, or abstractions (for example, your religious beliefs or work).



2. Now, think about some things that you've seen other people value that you don't necessarily value.

For example, I don't really desire a million dollar house. Many other people see a large home in the right zip code to be a major goal in life. Personally, I'd rather live in a modest home and drive a nice car and take frequent vacations. But that's me. I know a lot of people who drive Toyota Camrys or Honda Accords and would never buy a BMW or Porsche even if they hit the MegaMillions jackpot. They don't value cars.

But let's not forget non-material values, too. For many people, having a family is high on their values list. For others, it's a fast-paced career. Some want both, but others know that one or the other is definitely more important to them. Where do family, career, and other pursuits fall on your list? In this exercise, write down things that you think you don't value as much as the average person. Circle the top one or two.



3. In just a few words, why did you answer the way you did to questions one and two?

4. Fill in the blank: If I won the lottery, I would ...



5. How well aligned are your values with your behavior?

I threw the lottery question in as a test. If you answer the first question with things like your friends, family, work or other passions, but saw the lottery question and immediately pictured yourself at sea on a new 65- foot yacht, something's off.

6. But consider your life now: Are you living it according to what you value most? (Hint: The vast majority of us are not.)

7. What would your life look like if you were to live according to the values you just identified?

You're already programmed to think about money a certain way.

What are your biases?

A bias is an inclination to hold a partial perspective at the expense of (possibly equally valid) alternatives... and they can play a powerful role in how we handle money.

The following questions are designed to help you identify a few hidden factors that may be influencing your financial decisions (we'll barely scratch the surface, trust me).

1. Were your parents rich or poor? Spenders or savers? How did that make you feel growing up?

2. What—if any—lessons did they teach you lessons about money, savings, frugality, or investing?

3. When you see other people with nice things (clothes, houses, cars, etc.), how does it make you feel?

4. If you have \$100 to spend on clothes, do you buy:

- a. One luxury brand shirt, because labels are important.
- b. Two designer shirts, because quality is important.
- c. Many inexpensive shirts, because getting the most quantity for your money is important.

5. Do you consider yourself to be more risk-seeking or riskaverse? (Risk-seekers might quit a steady paycheck to start a business, go skydiving, or move across the country without a job. The risk-averse probably prefer stability over uncertainty and lower profile activities.)



Your time is limited, so don't waste it living someone else's life. -Steve Jobs-



Day 2: Identify Needs & Prioritize Wants

For most of us, our true human needs are simple: a roof overhead, clothes to wear, clean water, nutritious food to eat, and healthcare when needed. But in modern life, our “needs” get stretched a bit. For example, if you work at a bank, you may not just need clothes; you may need a white shirt and tie. If your job is 50 miles from your home, you may need a car.

1. What are your needs? What are the minimum expenses you need to provide to sustain yourself?

(Note: This is wildly subjective, but be honest with yourself.) Put down the categories of needs in your life and your best guess for how much that would cost you in an average year.

2. What do you want in life? Chances are identifying your needs wasn't hard. When we stop to think about it, we need a lot less than we often realize. It's the "wants" that get us. But here's the chance to really think about them.

What do you want? Take some time. Write it all down. Fill up a page. Be free to dream. List your wants now. (And I probably don't need to remind you, but don't limit this list to material things.)

3. Which 5 wants are most important? Now, of all the things you identified as wants, I want you to identify the 5 most important and prioritize them.

1. _____
2. _____
3. _____
4. _____
5. _____



4. What do you need to get these wants? Now it's time to think about what you'll need to do to acquire or achieve these things. Do you need a certain amount of money? How will you get that money? Do you need time? Where's that time going to come from? Do you need other people involved? How are you going to convince them to help you?

1. _____
2. _____
3. _____
4. _____
5. _____

5. What role does money play in how you'll get what you want? Stop here for a minute, because this is important. If one or more of your top 5 wants are things, the answer is easy---you need X dollars to buy Y. But what if one of your wants is an experience, or a different job, or time to live with no job at all? Money alone can't get you those things, but it's probably going to be important somehow.



6. What steps do you think you can take to get close to your top 5 wants? Often times we know the things we want, but for whatever reason we're not taking steps towards them every day. (In fact, we may even be doing things to sabotage our progress.) What are you doing on a regular basis to work towards these wants? What else could you be doing?

7. If you had to, are there other wants you could give up to achieve your top 5? Life is about trade-offs. For most of there is limited money (and for all of us, limited time) to acquire or do everything we might want. And so we must choose. Looking back over your list of wants, are their some you'd be willing to sacrifice to achieve others? Why or why not?



Day 3: Simplify & Automate

The less you have to think about money, the more time you have to earn and enjoy it.

Today we're going to transition from thinking "big picture" and get down to something very concrete...your bank accounts and your cash flow.

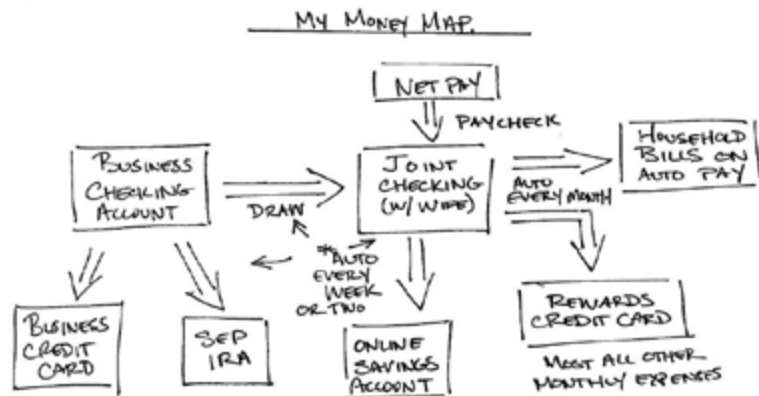
The goal of these exercises is to set up your financial infrastructure for success. While we're at it, we'll try to keep it as simple as possible.

1. Create a list of all your financial accounts. List each bank account, investment account, loan and credit card and the approximate balance (guesses are fine for this exercise).

Account	Balance

2. Now, draw a map. How are these accounts related? Draw arrows to show how money flows to and from these accounts.

My example is below.



*Note: My example is more complicated because of my business accounts on the left...ignore these if they don't apply to you.

Your Money Map

SIMPLIFY!

Now, pretend somebody just handed you this map of accounts and you'd never seen it before. Does it make sense? Could somebody else easily figure out what's going on with your money?

If not, it may be time to simplify.

Here are my suggestions for simplifying your money.

A. Maintain two bank accounts: a checking account and savings account. Preferably, open each account at a different bank so the two accounts don't become blurred. It's OK if you want to have two savings accounts to separate emergency savings that you don't touch from an account used for saving for goals like a vacation or down-payment.

B. Carry one or two credit cards, no more. If you already have more credit cards than that, that's OK, but don't use more than one or two at a time. It's a good idea NOT to cancel old cards even if you don't use them because open credit cards that you've had for *a long time* can be good for your credit score.

C. Contribute to investment accounts in this order.

1. An employer sponsored plan through direct payroll deduction (such as a 401k---choose a Roth option if available).
2. A Roth IRA through a mutual fund company like Vanguard or brokerage like Fidelity.
3. A taxable trading account through a brokerage like Fidelity, Scottrade, TD Ameritrade etc.

Some personal finance nerds like to create dozens of savings accounts for different purposes---emergency fund, wedding, new car, etc.

Personally, that's too much to keep track of.



I know how much of my savings account is for emergencies and I don't let the balance dip below that. Then I save for everything else on top of that.

I can track this in spreadsheets if I must.

3. Now, put your money on auto-pilot.

I know that when you're living paycheck to paycheck, the last thing you want to do is cede control of your money. You need to know where every penny is at all times.

But I know from experience, living this way sucks.

You're trying to remember to track every purchase you do to know how much is left. You're counting days until payday and figuring out which bills to pay first and staggering mailing bills so you won't have to pay overdraft fees.

When you get your finances in order, however, not only do you stop worrying about this; you can literally stop thinking about money!

These should be your goals:

- A life in which you know that more or less, you have "enough" money.
- A buffer of \$500-\$1000 in the bank so if you spend a little more than planned you won't overdraft.
- Emergency savings of six months' expenses to cover you if you lose your job.
- A personal finance system that's on "auto pilot".

Maybe you're not to this point quiet yet. That's OK. Still, you can start down this road by doing the following:

Act Now: Put Something on Auto Pilot

The best advice I can give you? Just start. Do something to improve your finances **right now**.

In my opinion, the easiest way to make an improvement in your finances in 15 minutes or less is to put either savings or your most important debt payment on auto pilot.

DO THIS NOW

Set up a weekly automatic transfer between your checking account and a savings account on the day you get paid. If you have a bank account with online access, this should be easy.

If for whatever reason you can't do this, go to your employer's HR office tomorrow and ask to split your direct deposit into two accounts...10% into savings and 90% into checking (or whatever ratio you want).

IF YOU'RE IN CREDIT CARD DEBT

If you are in credit card debt, I want you to skip the above and instead set up a weekly transfer between your checking account and the credit card with the highest interest rate.

Basically, you want to send periodic transfers of as much as you can to this debt---automatically---in addition to the monthly minimum payment. You should be able to do this either from your bank's bill pay feature or on your credit card's website.

**A goal is a dream
with a deadline.**

-Napoleon Hill-



Day 4: Identify Your Goals

Imagine you're taking a year off from work to travel the world. You want to visit Italy, Egypt, and Australia.

Obviously, you can't hit all three at once. You have to pick one to visit first.

You shouldn't treat your financial goals any differently.

Although it's impossible to be in two countries at once, it is physically possible to attack two financial goals at once. You could, for example, put \$100 towards paying down debt and \$100 into savings each month.

Trouble is— this means it's going to take you twice as long to achieve either goal.

And you want to achieve goals quickly.

Why?

Because achieving one goal gives you a psychological boost you need to do the work it will take to achieve another.

Revisiting the work you did on days one and two, you're going to make a list of financial goals. But not just yet. First, we want to identify the financial problems we have.

For example, if you can't pay the rent on time every month, that's a problem, and it's pretty important that we tackle that before anything else.

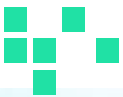
Similarly, if you're stuck in a job you hate because you can't afford to quit...that's a financial problem too.



1. Make a list of your financial problems. These are areas where money—or, more likely, a lack of money is affecting your life negatively.

Obviously, if you're always short on money to pay the rent or your credit card bills these are problems. But that's just the beginning. Could it be that you have a financial problem in that you're stuck in an unhappy job because you don't have the financial foundation to do what you really want?

Think carefully before deciding you don't have any financial problems; it's possible but unlikely.



2. Make a list of your financial dreams. Now, forget about your immediate financial needs and dream a little. Again, go back to your work on Day 2. What do you want money to do for you? Using that list, write down a few financial dreams.

3. Circle your #1 problem and your #1 dream.

4. How is solving your #1 problem going to help you reach your #1 dream?

--

Now it's time to turn your problems and dreams into actionable goals.

Most often, financial goals can be categorized into one or more of these groups:

- Pay off debt.
- Reach a savings target.
- Purchase something.

- Earn more money.
- Learn something valuable.

The first three are self-explanatory.

Earning more might mean getting a raise at work, changing jobs, or starting a side business.

Learning something valuable might mean becoming a better investor, going back to school to make yourself more marketable, or teaching yourself a skill that will be of use at work.

Whatever your goals, remember that they will likely be motivated by your financial dreams and/or problems. In other words, how can you translate those dreams and problems into **actionable** goals?

5. Write down your financial goals. Do not worry about prioritizing them yet, just get them down.

Now that you have a list of goals influenced by your financial problems (immediate needs) and dreams (big picture wants), we need to hone in on the most important and make them manageable.

YOUR PAY PLAN

Prioritizing financial goals is hard. It's so difficult, in fact, that "what should I do next with my money" is the most common question I get.

Because I can't be there to look at your finances and talk to you about your problems and dreams, I can't help you pick your #1 financial goal. Hopefully, however, I've given you the tools to decide for yourself.

First Things First: Get Out of Debt! If you are in credit card debt or have any debt with interest rates of more than 8%, paying this debt off should be your priority.

Next: Save For Emergencies. After getting free from consumer debt, everybody needs **emergency savings** to cover you in case you lose your income or get hurt.

I recommend **six months** of necessary living expenses. So tally up your rent, utilities, and monthly food bill...don't include discretionary spending that you could live without like dining out and entertainment.)

Necessary Expense	Amount
Housing (rent or mortgage)	\$.00
Utilities	\$.00
Groceries	\$.00
Insurance (auto, home, health, life)	\$.00
Medical	\$.00
Minimum Debt Payments	\$.00
Transportation (fuel, parking, subway pass)	\$.00
Other	\$.00
Total Monthly Expenses	\$.00
Emergency Fund Amount (X 6)	\$.00



Now that you've calculated how much you need in an emergency, your second goal (after paying off credit card debt) should be to save this amount.

Choosing What's Important

Although I recommend you follow the above advice—get out of debt and save for emergencies *first*—I'm going to give you control. I don't believe I know what's best for you, or that what's best for you is what's best for another reader.

Revisit your values, your problems, and your dreams. What's the next step you want to take?

Making Your Goals Actionable

Whatever your #1 goal, it should follow the SMART acronym. It should be:

- Specific
- Measurable
- Attainable
- Realistic
- Timely

So if your goal is big (for example, pay off \$50k in debt), chunk it down until it meets this criteria. (For example: Pay off one credit card with a \$5,000 balance).

Ideally, you'll want a goal you can meet within six months or less, so keep on chunking down until you have something attainable.

6. What are your top five "SMART" goals? Look at the complete list of goals you created in question five. Now, choose the five you want to work on first and write them in order or priority. This is your Pay Plan.

State these top five goals briefly but specifically. They should meet the SMART criteria.



Each goal should be achievable in roughly six months or less so that you can achieve your Pay Plan in less than two years. This is important, because if you set your timeline too long, you won't be as inspired to stick with your plan.

Your Pay Plan. Your top five financial goals in order or priority:

1. _____
2. _____
3. _____
4. _____
5. _____

Congrats! You now have a list of financial goals and a single goal to focus on. Tomorrow we will take action on your goal and get you rolling.

Act Now: Share Your Pay Plan

Few weight loss programs have had the success of Weight Watchers. One reason for that success is an integral part of the Weight Watchers program: weekly meetings at which dieters weigh in and discuss their progress with other members.

Weight Watchers meetings make dieters accountable to people other than themselves. As a result, members reach their goals more often than solo dieters.

Unfortunately, many of us are more comfortable telling friends we're trying to shed 20 pounds than admitting we need to pay off \$10,000 of credit card debt.

But if you can overcome the discomfort of sharing financial details, friends can be a powerful force in helping you change.

Today, tell at least three people about your Pay Plan and ask them to support you in working towards your goals.

**Vision without
execution is
hallucination**

-Thomas Edison-



Day 5: Attack!

Alright Peeps, here we are: Day five.

I hope the exercises to date have been helpful, but today is when the rubber meets the road.

Today you are going to take action on your #1 goal.

Yesterday you should have created your Pay Plan: Five actionable goals, each of which you believe you can accomplish in six months or less.

But where will you start?

You want to choose a #1 goal that will make a **big impact** on your finances but can also be a **quick victory**.

This might be paying off a debt in full that's \$2,000 or less.

Or saving \$1,000 in your emergency fund.

Whatever it is, you should be motivated to take action on it **today**.

1. Looking at the Pay Plan you created yesterday, what's the #1 goal that you are going to take action on today?

Today is about action so we're not going to mess around much.

2. But before I let you go, write down how you are going to achieve this goal and how long it's going to take you.

Be specific. What steps are you going to take to get this done?

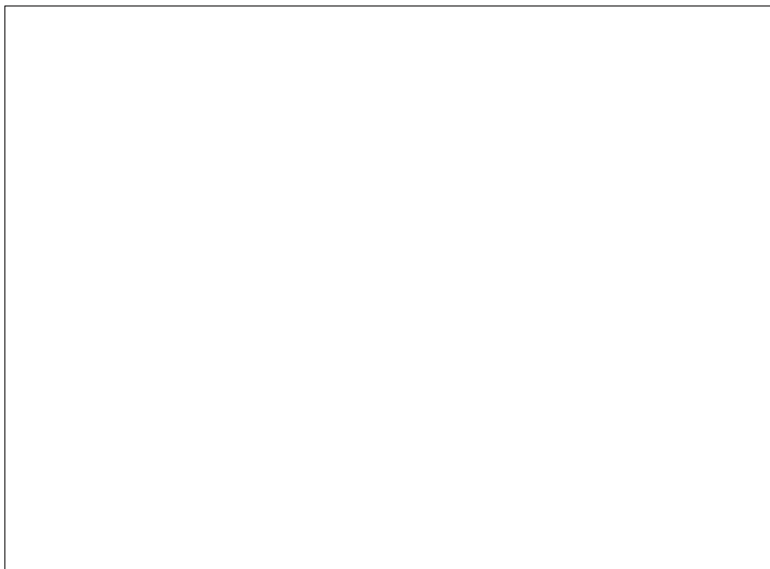
Now go do something!

If your goal is to **save money or pay down debt**, go through your closet or basement and find at least five things you can sell for \$10 or more. Post them for sale on Craigslist or eBay or Facebook.

If your goal is to **cut back on spending**, find a subscription you don't have to have and cancel it (NOW!) Then pack a lunch for tomorrow so you won't go out.

If your goal is to **earn more money**, spend money to make money. Go online and find a book that will teach you something valuable.

3. When you're done, write down what you did here:



Now, go back to Step 2 of today's exercise frequently to keep yourself on track.

Act Now: Set a Monthly Reminder to Review Your Goals
Set up a recurring appointment on your online calendar to spend 30 minutes once a month to review your goals and make a plan for the upcoming month.

Studies show that it's best to revisit your action plan for long-term goals monthly (as opposed to daily, for example). Once a month is an ideal time period because it gives you latitude if you slip up from day to day but is short enough to remain accountable.

Bonus: Post your #1 goal on your bathroom mirror, at your desk at work, and on the dashboard of your car. The more you think about that goal, the more you'll unconsciously change the behaviors that will help you achieve it.

**Vision without
execution is
hallucination**

-Thomas Edison-



Beyond Week One

Let's put together what we learned:

- 1. Put your values first.** Most of our money issues aren't about money at all. Whenever you're having money troubles or facing a big financial situation, always come back to what you value and what you want out of life.
- 2. Simplify and automate.** As you get more money you have a tendency to spend more time worrying about your money. This prevents you from earning more money or at least enjoying time doing other stuff. So keep your financial accounts and investing strategies as simple as possible. When you're ready, everything—from savings transfers to monthly bills—on auto-pilot.
- 3. Aim and fire.** Set financial goals, choose one, and take action to meet it. Shooting at too many targets and you might miss them all. Most importantly, take action towards your goals. Get off your ass. Change something about your life. If it works, do it again tomorrow. If not, try something else.

You're not going to become a millionaire overnight, but if you follow these simple steps, you will absolutely grow richer by the week.

Help Me Help You

Thank you for making it to the end! Did this workbook help you?

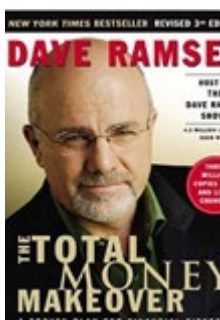
Could I make it better?

[Please take 3 minutes to take this quick survey.](#)

Thanks!

Appendix: Further Reading

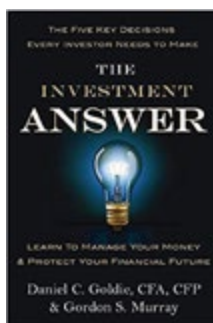
The following are a few of my favorite books on personal finance and learning to live richly. There are lots of others, but I think these five offer a little something for everybody and are the best places to start.



[The Total Money Makeover: A Proven Plan for Financial Fitness](#)

by Dave Ramsey

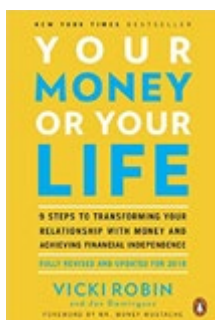
If you're in debt, Dave Ramsey is your guy. His seven-step plan has worked for millions. Dave is 100% against debt, however, so if you believe, for example, that it's OK to get a car loan at 1% if you're earning 8% on your money elsewhere, look elsewhere.



[The Investment Answer](#)

by Daniel C. Goldie and Gordon S. Murray

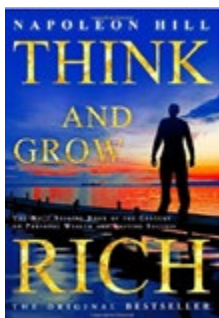
This workbook isn't about investing, but if that's what you're after I recommend you start here. You won't find tips on how to start picking stocks—quite the opposite. This book is a brief but compelling argument for simple passive investing. Read it, buy a few index funds, and get back to work.



[Your Money or Your Life](#)

by Vicki Robin et al.

This book is a more in-depth study on the relationship between your values, your money, and your time. If you already enjoy living frugally, Your Money or Your Life will inspire you to cut spending further and be careful with your money.

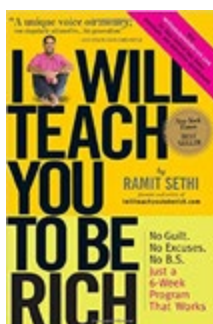


Think and Grow Rich

by Napoleon Hill

A classic for decades, this book is not about personal finance but the power of positive thinking. Filled with hundreds of compelling real-life examples, *Think and Grow Rich* shows how the right attitude is the prerequisite to success in everything you take on. I'm not going to tell you that magical thinking without hard work can make you rich, but if you're a negative thinker---if for example, you blame others for your financial lot in life—read this book first, because nobody can help you until you learn to take responsibility for your actions and change your attitude.

I'm not going to tell you that magical thinking without hard work can make you rich, but if you're a negative thinker---if for example, you blame others for your financial lot in life—read this book first, because nobody can help you until you learn to take responsibility for your actions and change your attitude.



I Will Teach You To Be Rich

by Ramit Sethi

Ramit is a smartass, but his ideas are solid and he's all about getting you to take action. The book is structured as a 6-week course to help you tackle all areas of your finances including credit cards, budgeting, investing, and earning more money. If you can deal with his "I-went-to-Stanford-I'm-better-than-you attitude", this book will help you.

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