The One-Page Financial Plan Summary

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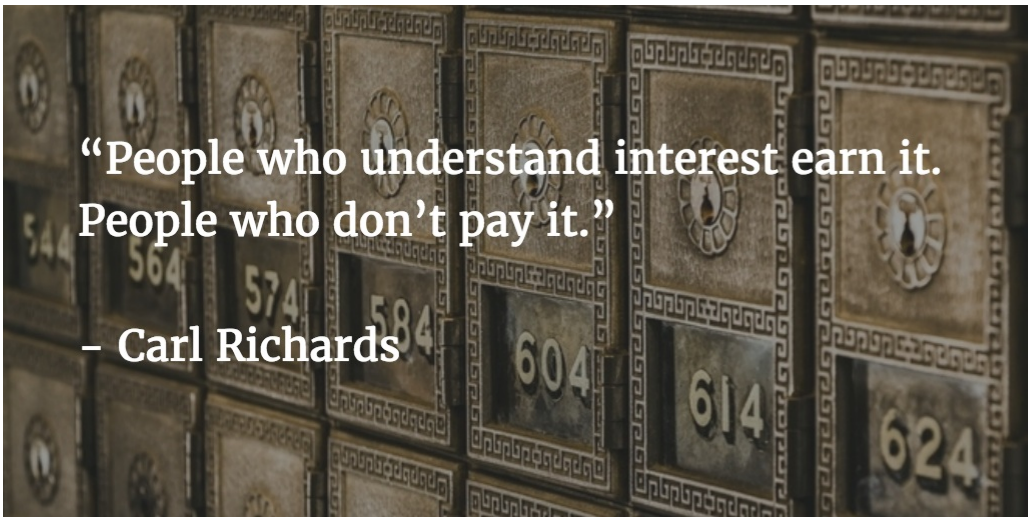
1-Sentence-Summary: *The One-Page Financial Plan is a refreshing, fun look at personal finance, that takes away the feeling that financial planning is a burden for the less disciplined, and shows you that you can plan your entire financial future on a single page.*

Read in: 4 minutes

Favorite quote from the author:



Carl Richards does two things well:

1. Give people financial advice.
2. Draw funny sketches.

No matter whether you're a visual person or not, you can definitely benefit from the first one, which is the result of him spending over 40,000 hours throughout the last 20 years as a financial advisor, working at Wells Fargo, Merrill Lynch and a bunch of other household names.

All of the conversations he's had over the years have gone into this book, which'll help you commit to a personal finance process that works for you, and stick with it.

Here are 3 lessons to help you get your finances on track:

1. Set some goals, but stay flexible and fine-tune along the way.
2. Turn budgeting into a game to make saving fun.
3. View paying off debt as an investment in your future.

Got your pen and (single piece of) paper? Let's plan your finances!

Lesson 1: Set specific financial goals, but remain flexible and fine-tune as you go along.

Think of mobile phones, 10 years ago. Would you ever have guessed that you could call and text anyone, anywhere in the world, for a flat rate fee of a few dozen dollars a month?

Not too long ago, our phone bills made up a big chunk of our monthly expenses, but today, they're basically non-existent. Nobody could've guessed this, which is why you should treat your financial goals like a vacation: **make a solid plan, but leave some room for unexpected surprises**.

For example, setting the goal to pay off your $50,000 student loan within the next 3 years is a fantastic target to shoot for. The *only* thing that's better is having the guts to admit that after you totaled your car in 2018 and had to get a new one, it's just not going to happen. If you're flexible enough to do that, you can settle on paying off $30,000 in the same period and still feel pretty good about yourself.

So whatever you do, remember that you can always adapt when your situation changes.

Lesson 2: Turn budgeting into a game to make saving fun.

Do you think budgeting is just the world's way to punish those with little discipline? Then it's time to shift your perspective.

Instead of focusing on the boring aspects, view budgeting as a way to track where your money goes and measure how that stacks up against your goals and values, so you can adjust when something's off.

More often than not, we say we want to travel the world and go to Vietnam this year, but in reality end up spending 20% of our income on parties, beer and eating out. This means we're not living in alignment with who we truly are and therefore, needs changing.

To make this change fun, **turn budgeting into a game**. Start by making a list of your fixed costs, the expenses you can't change (like rent, your phone bill or car insurance), so you can then look at where you can really cut costs.

Then you can start taking on little saving challenges, like trying to bike to work three out of five days of the week, cooking your lunch in advance for two weeks, or only going to the movies when tickets are on sale.

For example, last year I only ate out twice a week on the weekends for two months. I ended up really enjoying the dishes I bought and learned how to cook new things.

If you have a partner, this becomes even more fun, because you can compete against each other, for example by betting who can survive the week with the least transactions under their belt.

Lesson 3: Think of paying off your debt as an investment in your future self.

Just last week I found the idea to start eliminating your debts by paying back the smallest one first, and really liked it. In that same summary, I also realized that debt is always your biggest expense. If that's true, then Richards's approach also makes a lot of sense. He suggests you pay down the one with the highest interest rate first.

The reason why is this: Paying off your debts is not so much fulfilling an obligation, but rather **an investment in your future self.**

Every dollar of debt you rack up on your credit card, especially the ones spent towards the things that don't really align with your goals, like those beers or fancy dinners mentioned above, is a dollar that'll keep you busy paying interest down the line. But when you're busy paying interest, there's no way to save for what you really want to do. Therefore, the higher the interest rate, the more important it is to get rid of that particular loan.

Taking on debt and having to pay interest means you're saying no to your goals later and yes to something else right now. Think about how important that "something else" really is and either add it to your goals or stop spending money on it.

You're creating your financial future with every single dollar you spend – and you're moving twice as fast if that dollar comes with a fat bag of interest attached to it.

My personal take-aways

The One-Page Financial Plan brings a new, fresh perspective and comes with tons of cool illustrations. The way it looks at planning your how your money comes and goes sure sounds like a no-headache approach to personal finance. If you're not on top of your finances, go give this a read!

Read full summary on Blinkist

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Learn more about the author

What else can you learn from the blinks?

- Which question to ask yourself first, before making *any* financial decisions
- How you can lay out your financial future on one simple balance sheet
- Why rules of thumb aren't a good fit to help you save money
- How approaching your investments like a scientist will make you more money
- Who you should talk to first about your finances (even before a financial advisor)

Who would I recommend The One-Page Financial Plan summary to?

The 14 year old, who just got her first allowance, the 29 year old couple, who's about to get married, and wants a head start on their finances, and anyone who's never really taken stock of how much they spend on food in a month.