

EVERYTHING
YOU NEED TO
KNOW ABOUT
PERSONAL
FINANCE
IN
1000
WORDS

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Everything You Need to Know About Personal Finance in 1000 Words

by C.J. Carlsen

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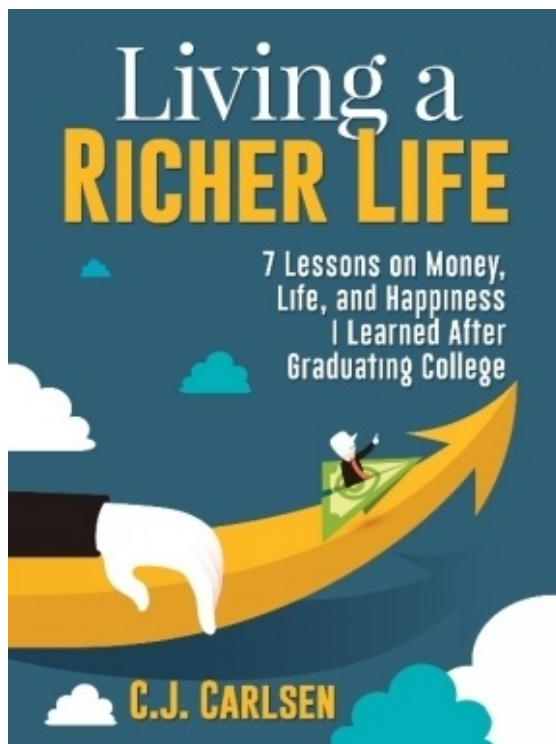
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Preface

Hello and thank you for downloading this eBook. You are about to learn everything you could ever want to know about personal finance in less than 1,000 words. Without further ado, let's get started.

Chapter 1: Spending

First let's first take a look at your spending habits. Don't use credit cards for useless purchases. This includes purchases for things that you cannot afford and things that lose value over time. Always pay off your credit card balance in full every month.

Spend less money than you earn. Don't go out and purchase items that will sink you. Don't commit yourself to making a monthly payment on something you can't afford – this would include large mortgage payments and car payments.

Focus on big ticket items. Be careful when buying a new home or car. These will be the largest purchases you will ever make in your life. Shop around and get the best deal that you can. By following this one simple step you can save thousands of dollars.

Don't concern yourself with tracking every penny you spend. You will get caught up in the minutia and forget to look at the big picture. Instead, focus saving big on those big ticket items. Cut down on large, recurring purchases. Only after doing this should you then focus on cutting down on those smaller items.

Spend money on those things that you really enjoy and not on those you don't. As Ramit Sethi said best “live a rich life by spending EXTRAVAGANTLY on the things you love, and cut costs mercilessly on the things you don't”.

Think about your purchases before you make them. Take at least 60 seconds for smaller purchases, and up to 24 hours for those larger purchases. Consider how you will feel about your purchase six months from now. Will you be glad you made it?

Chapter 2: Saving

Pay off all of your high interest credit cards before you start saving. Interest rates will kill you, and you will be on the wrong side of the compounding interest effect.

“The best time to plant a tree was 20 years ago. The second best time is now.” – Chinese Proverb

Start saving as soon as possible. If you start saving \$100 a month when you are 18 and do that for only **10 years**, then stop saving entirely, and let the cash grow until you are 60 you will have \$234,654. However, if you wait until you are 28 to start saving you will have to save \$132 a month for the next **32 years** to reach that same amount by the time you are 60!

Save up at least six months of living expenses. This will be your rainy day fund. Once you reach this goal, continue to save and funnel your money into your investment accounts. You can reach these goals by saving 20 percent of your income every month, *at a minimum*.

Budgets are not fun, but they will get you where you need to go. A budget is a road map to saving, and helps you reach your goals much sooner. Use an excel spreadsheet, or a pen and paper, to create the following simple budget:

Income – Fixed Expenses – Variable Expenses = Savings for the Month

Budgeting helps you understand spending habits, develops structure to help you save every month, and allows you to pivot and adjust your spending habits in order to reach your savings goals.

Chapter 3: Make more money

You don't have to limit yourself when it comes to your finances. If you feel like expenses have been cut back far enough, consider ways you can make more money.

Watch less TV and spend less time surfing the web. Cut down on these time wasting activities and replace them with productive activities which will help you realize your financial goals.

Continue to educate yourself. This could be through schooling, certifications, reading nonfiction books in your field, or by simply learning as much as possible your current job and working to move up the ranks. Whatever you do, *never stop learning*.

Start a business on the side. This could be something you already know how to do. Provide a service to people and use your skills to help solve their problems and make their lives easier.

Network like crazy. Meet as many people as you can and provide value to everyone in your life and remember:

“You can have everything in life you want, if you will just help enough other people get what they want.” – Zig Zigler

Work on improving yourself every single day. You can do this by listening to podcasts, reading books, watching videos, and creating other healthy habits that help you get closer to your definite goal in life.

Chapter 4: Investing

Make money work for you. Invest your money and let compounding interest do the heavy lifting for you. Plant your money tree now and enjoy the fruits when you are older.

Max out all of your tax-advantaged savings accounts. This included 401(k)'s, IRA's, SEP's, and 529 plans.

Always contribute to your 401(k) to get a full company match. Then contribute to your IRA up to the yearly limit.

Save for retirement first. If you have any left over, contribute to your child's college savings fund using a 529 plan.

For a simple, hands-free investment experience, invest in lifecycle mutual funds. Choose a low-cost, target-date fund like Vanguard Target Retirement 2050 Fund.

Avoid actively managed mutual funds; these funds rarely beat the market. Not only that, but high fees will eat into your investment returns over a long period of time. You are better off choosing a low-cost index fund as described above.

Chapter 5: Make life simple

Set up automatic payments on all of your bills, especially your credit card bills. Have these automatic payments pay the entire balance of your credit card bills.

Set up automatic deposits on your retirement accounts in order to utilize the “pay yourself first” methodology. Deposit enough every month so that you will contribute the maximum amount to your retirement account each year. Setting up automatic payments puts your bills and savings on cruise control, requiring minimal effort on your part.

Conclusion

That's it! Don't stress about your finances. This isn't difficult. If you put everything that you have just learned into action, you will be on your way to personal finance success, and will be better off than 80 percent of the population.

Since you're still here...

Now you know everything you need to know about personal finance, you're welcome!

Okay...maybe this isn't *everything* you need to know about personal finance. But I do believe that getting started is the first step to success. I sincerely hope the 10 minutes you spent reading this book were well worth your time.

Could you do me a favor and take a few moments to leave a review of my book on Amazon? Your review helps make this book more visible on Amazon, which in turn enables people to find my book and get on track to improve their finances! All you have to do is [click this link](#) and leave a short review of what you think of my book.

Thank you so much, I really appreciate it.

- C.J. Carlsen