

My Finance Plan

Meet Our Expert



I'm Stacy Francis, president of Francis Financial, Inc., a financial planning firm in New York City. I'm also the founder of Savvy Ladies, a nonprofit group that empowers women like you to take control of their money. I've spent enough time in this industry to know how to help young women make their money work for them.

So let's jump-start your journey to financial security! Based on your assessment, here are some ideas on how you can get started tackling your financial goals.

Step.1 Reality Credit

PAY IT OFF

If you have credit card debt, pay slightly MORE than the minimum required on your bill each month. Even if it's just \$10 dollars more, the extra payments can add up quickly and get you THAT much closer to a zero balance. Plus, you'll be accruing less interest – so that \$7 tube of lip gloss won't compound into a \$70 one.

CURB YOUR CREDIT CARDS

Carrying debt on more than one credit card? Transfer all remaining balances over to the card with the LOWEST interest rate and then follow the above tip to pay it off as soon as you can.

ASK MOM & DAD

Borrowing money from parents CAN be a touchy situation, but if done right, it may be worth a try to get yourself out of debt. Chances are, you can negotiate a low (or zero) interest rate and favorable terms. Just don't blow it – stick to the payment schedule and amount you have all agreed on.

Step 2: Frugality is the New Black

RECEIPTS: KEEP 'EM & RECORD 'EM

Pocket receipts for EVERYTHING you buy: coffee, cab fares, bar tabs, lunch, dry cleaning.

Store them in a safe, organized location so they don't get lost. Once a week, record all of your receipts, so you can begin to track your spending patterns.* By the end of the month, VOILA, you'll have a clear picture of when, where, and how you're spending money, plus new insights into how you might be able to budget your money better.

DO SOME ONLINE RECON

In today's "swipe and go" world, it's easy to forget what you actually have in the bank. Check bank account and credit card balances online every day or so. The payoff of frequently monitoring your accounts: you stay on top of what funds are coming and going AND ensure that no false charges or strange account fees are happening behind your back.

THINK BEFORE YOU BUY

Don't make big-ticket purchases spontaneously. Those designer shades SCREAMING your name? Put your wallet away. Is there a just-as-cute alternative that won't put such a dent in your wallet? Go home and sleep on it! Maybe they'll have lost their luster in the morning. Or, maybe not. But at least you'll have made an educated decision. See TIP 1 for more pointers on how to spend smartly.

*While I recommend tracking your spending EVERY week, if it's just not feasible for you... regroup on your finances once a month or, at the very least, when you experience major life changes (raises, marriage, a move, etc.)

Step 3: Save, Save, Save (& don't touch!)

START A HAND'S-OFF FUND

It's essential to stockpile some money that stays in the bank unless you absolutely, positively are in a strapped-for-cash emergency situation. Open a savings account and deposit a little bit every month until you've accrued enough to cover three to six months of living expenses. See TIP 2 to learn more about emergency funds and how much you should be saving.

YOU, TOO, WILL GET OLD

Your 20's are a great time to get the ball rolling by opening a 401(k) or IRA and contributing a percentage of each paycheck. The little bit that you save today can turn into a lot 40 years down the road. Ask your HR department if your company offers a 401(k) plan; if so, set up a meeting to learn more. If not, do some research to find a financial planner in your area to help you set up an IRA (most will meet with you for little or no fee).

EDUCATE YOURSELF

In your spare time, bone up on tips for making the most of your money. Take a financial education class at a local college, read the Wall Street Journal or money magazines, ask your parents for advice on what they would have done differently with their money. Don't be afraid to ask questions! YOU are your most valuable investment, so take the time to educate yourself.

Resources

BOOKS

The Money Book for the Young, Fabulous & Broke. Suze Orman. Riverhead Group. 2005.

Smart Women Finish Rich: 9 Steps to Achieving Financial Security and Funding Your Dreams.

David Bach. Broadway Books. 2002.

Millionaire Women Next Door: The Many Journeys of Successful American Businesswomen.

Thomas J. Stanley, PhD. Andrews McMeel Publishing. 2005.

The Everything Personal Finance in Your 20s and 30s Book. Debby Fowles. F+W Publications, Inc. 2004.

LINKS

www.savvyladies.com

www.francisfinancial.com

www.msmoney.com

www.bankrate.com/brm/calc/Worksheet.asp

Enter your annual gross salary, weekly pay (minus federal, state and local taxes) and your monthly expenses. Then hit "Submit" to see where you fit in with the rest of America.